

The Global Newspaper
Edited and
Published in Paris
Printed simultaneously
in Paris, London, Zurich,
Hong Kong, Singapore,
The Hague, Marseille, Miami.

Herald Tribune

Published With The New York Times and The Washington Post

No. 32,317

4/87

**

PARIS, MONDAY, JANUARY 19, 1987

ESTABLISHED 1887



Afghan rebels, in Pakistan, attend a rally after rejecting the government cease-fire proposal.

Kabul Bid Rejected By Rebels

Guerrillas Vow To Continue War

By Kamran Khan
Washington Post Service

PESHAWAR, Pakistan — Tens of thousands of Afghan refugees and guerrillas have refused a call by Afghanistan's Soviet-backed government to lay down their weapons and join in a Communist-sponsored "national reconciliation."

At a rally Saturday on a sports field outside this city 30 miles (50 kilometers) from the Afghan border, a large crowd of Afghans cheered as the leaders of the seven main resistance groups pledged to continue their war against the Afghan government and the estimated 120,000 Soviet troops who have kept it in power since intervening in 1979.

The seven leaders, who have long squabbled among themselves, underlined their rejection of the truce offer by appearing jointly at the rally, the first time they have been able to muster even that symbol of unity.

The party leaders added further emphasis to their dismissal of the truce offer by announcing that they had reached agreement on basic principles to underlie an eventual interim government they said they would establish in Kabul upon defeating the Soviet and Afghan government forces.

[Afghanistan's leader, Major General Najibullah, said Sunday that his government would go ahead with its policy of national reconciliation, and he brushed aside the rejection by the guerrilla leaders. Reuters reported from Kabul.]

[He said there had been several attacks by guerrillas since the cease-fire proclaimed by the government went into effect at midnight Wednesday. He gave no details.]

[Guerrilla officials said Sunday that Afghan troops attacked rebels in several parts of Afghanistan despite Kabul's unilateral declaration of a cease-fire. The Associated Press reported from Kabul.]



Chinese buying Beijing newspapers for news about the resignation of Hu Yaobang.

Zhao Declares Hu's Removal Signals No Change in Policy

Reuters

BEIJING — Zhao Ziyang, the acting Communist Party leader, said Sunday that the removal of Hu Yaobang as party leader would have no effect on Chinese policies and that fears of political instability were unwarranted.

Beijing Radio quoted Mr. Zhao as telling a Hungarian Communist Party delegation that the leadership changes announced Friday were intended to ensure continuity of policy and stability.

Mr. Hu was criticized at a Politburo meeting for having committed "political errors," but authorities have not specified what these were.

Mr. Zhao, who was making his first public statement since his appointment Friday, dismissed speculation that the resignation of Mr.

Hu indicated that the program of changes instituted by Deng Xiaoping, the country's senior leader, was in trouble.

Such reports, he said, were "completely without foundation." Mr. Zhao, who is also China's prime minister, made the remarks in a meeting with a delegation headed by a Hungarian Politburo member, Ferenc Havasi.

"The personnel changes approved by the recent enlarged Politburo meeting will in no way affect the plans, direction or internal and external policies of the party," Mr. Zhao said.

He also referred to the party's current attack on "bourgeois liberalism," a phrase used to describe Western political concepts of democracy and freedom, but said the

attacks would not be allowed to get out of hand.

Mr. Zhao said "leftist" methods would not be used to deal with the problem of "bourgeois liberalism" and emphasized that the party greatly respected intellectuals.

Western diplomats said recent nationwide demonstrations by students calling for Western-style democracy and freedoms had apparently precipitated the leadership crisis. They added that Mr. Hu's errors appeared to have been made in the ideological field.

Mr. Zhao emphasized that the personnel changes were not the beginning of another political campaign against opponents.

"We are now a mature party and we don't engage in political campaigns," he said.

"Some people are concerned that this meeting will affect the stability and continuity of our policies," Mr. Zhao said, adding, "This sort of concern is unnecessary. Exactly the opposite, this meeting was aimed at ensuring the continuity and stability of the party's policies."

Press Silence

Daniel Southard of The Washington Post reported from Beijing: Two days after Mr. Hu was forced to resign for mistakes committed on "major issues of political principles," the government-controlled press has given no further explanation. The press has acted almost as if nothing had happened.

Diplomats said this silence may reflect the haste with which top leaders decided to force Mr. Hu to resign. They suggested that the leaders had not resolved all their

Iranians Press Raid On Basra

Claim Advances 'Deep Inside Enemy Lines'

By John Kifner
New York Times Service

NICOSIA — Iran claimed Sunday that its troops had advanced "deep inside enemy lines" in heavy fighting close to an oil refinery just south of the major southern Iraqi city of Basra.

Iraq, meanwhile, continued its bombing of Iranian cities and supply lines, saying that it had flown 296 bombing missions Saturday night and Sunday, in addition to 206 sorties by helicopter gunships. Iran said the cities of Isfahan, Tabriz, Dezful, Sanandaj and Ham were hit.

In addition, an Iraqi communiqué, monitored here, said that the Iranian assault in the area of Basra had been "completely crushed."

Iraq also asserted that it had bombed Ayatollah Ruhollah Khomeini's home in Tehran. A Baghdad radio broadcast said Iraqi jets had bombed the headquarters of "the head of the snake, Khomeini," in what it described as the "capital of snakes and charlatans."

However, the official Iranian press agency reported only that a single Iraqi plane had bombed the outskirts of Tehran, killing a 55-year-old man and two children. Iran's foreign minister, Ali Akbar Velayati, indicated Sunday that Iran might try to turn the current battles, which began Jan. 9, into the long-threatened "final offensive" in the Gulf War.

Mr. Velayati, during a visit to Tripoli, Libya, was quoted as saying, "The latest victories of the Iranian forces in their ongoing operations will continue till the downfall" of President Saddam Hussein of Iraq.

In an indication of mounting Iraq concern over the Iranian assault, President Hussein presided over a meeting Saturday of his top military commanders. The Iraqi News Agency said the meeting lasted nearly 10 hours.

The agency's description of the meeting said the president "expressed praise for the Iraqi troops' heroic confrontation and defeat of the rancorous Iranian regime's aggression during the recent battles." In Tehran, the Iranian president, Ali Khamenei, told a visiting delegation of Shiite Muslim clergymen that "the throat of the aggressor Iraqi regime had never before been so tightly gripped."

Both sides reported that Iran repeatedly struck the key southern Iraqi port of Basra with missiles and artillery fire. Iran claimed much of the population was fleeing Basra, with a population of 1.5 million. Is Iraq's second-largest city.

Iran said Sunday that its troops had established positions only 400 yards (365 meters) — within small-arms range — from an Iraqi oil refinery and petrochemical plant at

See WAR, Page 4

Kenya Abuses Dissidents, U.S. Legislator Asserts

United Press International

NAIROBI — An American congressman involved with U.S. relations with Africa sharply criticized Sunday the human rights record of Kenya, one of the major recipients of U.S. aid in Africa, and said he had witnessed political intimidation in Nairobi.

"We have seen evidence for the past 24 hours of a drastic increase in intimidation of individuals in Kenya that may be critical of government policies," said Representative Howard E. Wolpe, Democrat of Michigan.

Mr. Wolpe, who is chairman of the House subcommittee on African affairs, said in Nairobi that he was also concerned by the number

of political detainees, Parliament "losing the power it once had" and the "stripping" of the independence of the attorney general.

Observers in Nairobi say Mr. Wolpe's criticism was probably the harshest by an American official visiting this pro-Western country.

Mr. Wolpe said he was not seeking confrontation but wanted to "sound a warning at this point, that the trends in evidence could erode the positive relationship" between Kenya and the United States.

The congressman, who is on the last stop of an African tour that also included Botswana and Zimbabwe, said that planned meetings, including one with a member of Parliament, were called off at the last minute or broken up because of "state interference."

"Police stopped a meeting with a church leader," Mr. Wolpe said, "and the leader was advised it was not in the interest of the state to continue our meeting."

Mr. Wolpe, who had planned to meet with President Daniel arap Moi and two cabinet ministers, said he was told the officials were "not available."

Mr. Wolpe declined to say whether he felt Secretary of State George P. Shultz had failed to address the human rights issue during his recent visit to Kenya.

Mr. Wolpe called for the release of a university lecturer, Maina wa Kinyari, who was sentenced to six years' imprisonment in 1982 on charges of "possession of seditious documents."

Dozens of Kenyans have been arrested in recent months during a government crackdown on dissidents.

See TERROR, Page 2

Contra Arms Deals Traced to Lisbon

By Karen DeYoung
Washington Post Service

LISBON — Portuguese arms and ammunition worth \$5.6 million, obtained with apparently false documents by U.S.- and Canadian-based companies, were purchased in 1983 and 1984 for the use of rebels in Nicaragua, according to U.S. and Portuguese sources.

Officially destined for the Guatemalan Army, the munitions were sent from Lisbon in at least nine shipments during an 18-month period that ended in August.

The shipments, which included one million rounds of ammunition from Poland and Romania, began two months after Congress barred U.S. military assistance to the rebels, known as contras.

Documents made available in Lisbon, which were supported by interviews here and in Washington, suggest that the arms purchases were handled by the same network of retired military and intelligence officers that was involved in the Reagan administration's secret arms sales to Iran and efforts to resupply the contras.

Portugal has emerged as an important link in the Iran arms deal and the effort to resupply the contras. Iran-bound U.S. weapons passed through Lisbon on their way from Israel and from the United States itself, according to records and sources in Washington.

The Portuguese government has said that whatever role its country played in either operation was an unwitting one.

The Portuguese government approved the 1983-84 arms sales based on "end-user certificates" purportedly supplied by the Guate-

malen government and submitted in Lisbon through a local arms dealer.

The certificates list requested types and quantities of arms and

Reagan has not been questioned about arms sales to Iran since November. Page 3.

ammunition, and state that the material is for the exclusive use of the Guatemalan military. Typed on official stationery, the certificates bear the signature of General Cesar Augusto Caceres Rojas of the Guatemalan Army.

Last week, Guatemalan officials denied any connection with the shipments. President Marco Vin-

See ARMS, Page 4

In France, a Bit of Charity Creeps In With the Cold

Public More Alert To Social Misery

By Richard Bernstein
New York Times Service

ISSY-LES-MOULINEAUX, France — At noon, there were several hundred people, among them unemployed artisans wrapped in leather jackets and scarves, homeless men with tattoos and five days of stubble, women with children in tow, crowded into the line at the Restaurant of the Heart.

The "restaurant" in this bleak suburb south of Paris is actually a food distribution center. Supported by private donations, it is housed in a blue and white circus tent in an empty lot behind a tourist hotel.

People come each day to fill plastic bags with frozen chicken, boxes of cereal, tangerines and bread. They show their pink identification cards to the center's director, Claude Colombani, a computer operator who has been out of work for two years, or to Albin Arman, a 54-year-old self-described hobo who says he has been sleeping outdoors, even in the bitter cold, for more than a year.

The scene is a reminder of what the French generally refer to as "the crisis." By that they mean economic problems, particularly an intractable national unemployment rate of more than 10 percent.

That figure includes a growing number of people, well represented at the Restaurant of the Heart, who have been out of work so long that their unemployment checks have long since stopped coming.

But the forlorn tent in Issy-les-



Two homeless Parisians spent the night on a ventilation grid instead of going to a shelter.

Moulinsaux also reflects something new in France, which according to government officials and others has a less developed tradition of private charity than most countries in the industrialized West.

"In France we've always had the sense that it was the state that would protect us," said Jean-Michel Vagnely, the president of the

Restaurants of the Heart organization. "But in recent years, it's become clear that the state does not manage to take care of all the members of the public."

There are 630 Restaurants of the Heart throughout France serving 650,000 people every day. No questions are asked. The number of family members is simply checked

by people like Mr. Colombani or Mr. Arman, who examine each visitor's Social Security papers.

The restaurants were created by a popular French actor and comedian, Coluche, who died last year in a motorcycle accident. Coluche had enlisted the support of many French entertainers for the establishment.

See FRANCE, Page 4

Ecuador's Leader Freed In Exchange for General

By Joseph B. Treaster
New York Times Service

GUAYAQUIL, Ecuador — The president of Ecuador, León Febres Cordero, was released by a group of air force commanders after agreeing to free an imprisoned air force general and promising there would be no retribution against his abductors.

Mr. Febres Cordero said Saturday that he was punched, kicked and told repeatedly he was going to be killed during the 12 hours he was held captive Friday at the Taura Air base near here.

Lieutenant General Frank Vargas Pazos, a former air force commander, arrived at the air base about an hour before Mr. Febres

Cordero was freed. General Vargas remained secluded at the base Sunday, and his brother, René Vargas Pazos, said the general probably would go to Quito "to inform the people of his future activity."

The general's brother said that until the general was released, he had been unaware of the president's abduction.

General Vargas had been under arrest since March, when he seized two of Ecuador's air force bases, saying the defense minister and the army commander were corrupt and should resign.

Several leaders of the political opposition, which controls Ecuador's Congress, denounced the president's actions and said they intended to seek a vote censuring him early this week.

President Febres Cordero was seized with nearly 30 others at the start of a military review at the Taura Air Base.

In an interview, he said that at the point when the commanders were to present arms, they opened fire in the direction of the president's party. Security guards next to him on the left and right were wounded, he said, and two others some distance away were killed. Ten other persons were reported injured in the incident.

"My first reaction was to shout, 'What the hell's going on here?'" Mr. Febres Cordero said. "Then my security people tried to throw me down."

Moments later, he said, two commanders trained their guns on him and yanked him to his feet. As they led him to a bus, he said, they kicked, shoved and cursed him.

"I said, 'Don't touch me, I'm the



León Febres Cordero

2 Jailed Shiites Part of Plot in Europe, Officials Fear

By Roberto Suro
New York Times Service

ROME — Two Lebanese men arrested last week carrying explosives through the Milan and Frankfurt airports may have been part of a new terrorist offensive planned by radical Lebanese Shiites, according to American and Italian officials.

Western intelligence agencies are reassessing reports received in recent weeks indicating that Shiite groups based in Lebanon were plotting a series of terrorist actions in Europe, the officials said.

Those and other reports caused security forces in Italy and other parts of Europe to go on a state of heightened alert that may have been responsible for the arrests of

the two Lebanese men, the officials said.

The two men are Bashir al-Khodri, who was arrested in Milan on Monday, and Mohammed Ali Hamadei, who was arrested in Frankfurt on Tuesday. Both men have known or presumed ties to Shiite Muslim organizations that have attacked U.S. targets in the past, officials say.

The U.S. Justice Department has said it would seek the extradition of Mr. Hamadei in connection with the hijacking of a Trans World Airlines jet to Beirut in 1985.

[Sources said Sunday that the Justice Department would not seek the death penalty for Mr. Hamadei, perhaps paving the way for West Germany's extradition of the sus-

pect, United Press International reported from Washington.]

[Mr. Hamadei, 22, is one of four Lebanese Shiite Muslims charged by the United States with air piracy, murder and other criminal offenses in the TWA hijacking, during which a U.S. Navy seaman, Robert D. Stethem, was killed.]

[According to the sources, prosecutors said that to win Mr. Hamadei's extradition to the United States, they had to agree not to seek the death penalty.]

Italian officials say Mr. Khodr is known to have associated with seven men arrested in 1984 on charges of plotting to blow up the U.S. Embassy in Rome.

The Italian interior minister, Os-

car Luigi Scalfaro, said Friday that information supplied by Italian intelligence agencies seemed to establish a link between the two men.

Mr. Scalfaro also said one hypothesis was that they had planned to attack a prominent visitor to Rome. King Hussein of Jordan ended a three-day visit to Rome on Saturday.

Other Italian officials and an American diplomat involved in anti-terrorism efforts said investigators had not determined with certainty whether Mr. Khodr and Mr. Hamadei were involved in the same operation.

Nonetheless, police and intelligence officials in Europe are acting on the assumption that the actions of the two men indicate "some kind

of a pattern," the U.S. diplomat said.

Antonio Badini, foreign affairs counselor to Prime Minister Bettino Craxi, said that, in light of the arrests, Italian anti-terrorist forces were re-evaluating a variety of warnings, threats and intelligence reports received in recent weeks.

Among the most disturbing reports was an intelligence report that five people had or were about to leave Beirut to undertake terrorist actions in Europe.

Judge Rosario Priore, a Rome magistrate involved in many terrorism prosecutions, said that investigators were particularly anxious to determine whether Mr. Khodr and Mr. Hamadei were going to use

See TERROR, Page 2

West German Is Seized Near Airport in Beirut

Abduction Follows Arrest in Frankfurt Of a Lebanese Suspected in Hijacking

United Press International

BEIRUT — Gunmen kidnapped a West German citizen minutes after he left the Beirut airport, security sources said Sunday.

The sources said that several gunmen abducted Rudolf Cordes, an executive of Hoechst AG, the Frankfurt chemical and pharmaceutical company, in a mainly Shiite neighborhood near Beirut.

The kidnapping Saturday took place 15 minutes after Mr. Cordes arrived at the Syrian-guarded airport on a flight from Frankfurt, the sources said. It appeared to be the first abduction of a West German citizen in Lebanon.

■ **Bonn Confirms Abduction**
Robert J. McCartney of The Washington Post reported from Bonn.

An anonymous caller phoned the West German Embassy in Beirut on Saturday and said that a West German citizen had been abducted, but the caller made no demands, the Foreign Ministry said in a statement on Sunday.

A spokesman declined to speculate about the abduction's motives but another official said privately it seemed likely that the kidnapping was in retaliation for the arrest last week in Frankfurt of a Lebanese suspected of being a terrorist.

The ministry declined to identify the kidnapped man, but two West German newspapers reported he was Mr. Cordes.

A Hoechst spokesman said that Mr. Cordes was on a business trip to Beirut and that further details would be available on Monday.

Officials in Bonn said Friday that the government was concerned about the possibility that West Germans might be abducted by ex-

tremist groups seeking to exchange hostages for Mohammed Ali Hammadi, the suspect arrested Tuesday in Frankfurt.

The West German government last year reduced the number of people working at the embassy, at a cultural institute and at a German school in Beirut, officials said.

The Lebanese suspect was said to be carrying three bottles of a powerful explosive liquid when he arrived in Frankfurt from Beirut.

He was initially held on suspicion of planning to cause an explosion, but a fingerprint check later revealed that he was wanted by the United States for involvement in the hijacking of a TWA jet in June 1985.

■ **Threat to Islamic Summit**

The pro-Iranian Islamic Jihad, whose terrorist activities have been targeted largely at U.S. and European interests, on Saturday turned its threats against Moslems by warning Kuwait not to let the Islamic summit meeting convene there, The Washington Post reported from Beirut.

Iran has objected strongly to Kuwait as the site of the scheduled Islamic summit, on Jan. 26, and has demanded that it be moved to a country that is impartial in the six-year Gulf war between Iran and Iraq, Kuwait backs Iraq in the war.

The Islamic Jihad statement said: "We want everybody that we might, if the summit convenes, have to take negative action in which the biggest loser will be Kuwait's government, officials and institutions." It was accompanied by a photograph of Terry A. Anderson, the Associated Press bureau chief, who was kidnapped in West Beirut in 1985.



Police in Jerusalem arresting two Palestinians after the Jewish brothers were stabbed in the Old City. The authorities detained 50 Arabs for questioning, but released them later.

Arabs Stab 2 Jews in Old Jerusalem; Police Move to Prevent Retaliation

By Glenn Frankel

Washington Post Service

JERUSALEM — Arab assailants stabbed two young Jewish brothers inside Jerusalem's Old City, and the authorities took precautions to prevent retaliation against Arabs.

Police detained at least 50 Arabs for questioning after the attack on Saturday, but released them later.

Dozens of riot police massed outside Damascus Gate as a precaution against a repetition of the stone-throwing, vandalism and looting by Jewish crowds that followed the stabbing death of a Yeshiva student in the area in November. Three Arab youths were convicted of that murder.

A police spokesman said the brothers stabbed Saturday, Avi

Ochayon, 25, and Shalom Ochayon, 16, were walking on a main street of the Moslem Quarter near the Damascus Gate with the older brother's fiancée when they were attacked from behind by two young Arabs.

The assailants stabbed Avi in the neck and Shalom in the shoulder and then fled. The brothers managed to get the gate 500 yards (450 meters) away, where a police patrol called an ambulance. The fiancée was not hurt.

An official at Sha'are Zedek hospital said Avi had lost much blood from several neck wounds but was in fair condition after surgery. His brother's wounds were not considered serious.

In December, an elderly Jewish man returning from prayers at the Western Wall was stabbed. His assailants have not been caught.

■ **Tighter Security Ordered**

Prime Minister Yitzhak Shamir said Sunday that Israeli police had been ordered to improve security in Jerusalem after the stabbing of the two Ochayon brothers, Reuters reported from Jerusalem.

"Police have orders to strengthen security, to increase their guard and alertness, and we will use all means to ensure such incidents do not recur," Mr. Shamir said after visiting Avi Ochayon in the hospital.

Teddy Kollek, the mayor of Jerusalem, appealed to Jewish Jews not to attack Arabs or their property.

Aquino Offers Talks After Moro Rebels Halt Attacks

The Associated Press

COTABATO CITY, Philippines — President Corason C. Aquino offered peace talks Sunday to Moslem rebels who launched attacks last week after asserting she had shut them out of negotiations in favor of a rival rebel group.

At least 46 people were reported to have been killed and 89 wounded in the five days of attacks, which ended Saturday with an agreement on a temporary cease-fire.

But in Manila, the chief military spokesman said troops were on alert to prevent the violence from spreading to the capital.

Two Manila newspapers reported Sunday that the military feared the Moslem rebels might join forces with dissident officers and supporters of former President Ferdinand E. Marcos to try to block ratification of the draft constitution in the Feb. 2 plebiscite.

About 800 Marcos loyalists burned an effigy of Mrs. Aquino on Sunday during a Manila rally that was part of their campaign against the constitution, which guarantees Mrs. Aquino a six-year term.

In Cotabato, Mrs. Aquino offered peace talks to Haji Murad, deputy leader of the Moro Islamic Liberation Front. It was her fourth stop on a five-city weekend tour of Mindanao Island, where she sought support for the constitution.

Mr. Murad said he could not respond to the offer without consulting the head of the Moro Islamic Liberation Front, Hashim Salamat, who was in Saudi Arabia.

After the 10-minute meeting, Mr. Murad said that he had given Mrs. Aquino a flower "as the symbol of peace" and a position paper with his group's demands.

The government has focused its overtures on the rival Moro National Liberation Front in its efforts to end the 14-year Moslem insurgency.

Last month, the leader of the Moro National Liberation Front, Nur Misuari, agreed to drop demands for an independent state and to instead negotiate for autonomy in Moslem areas of the south.

In Manila, Colonel Ernesto Isleta, the chief military spokesman, said troops had been on "maximum alert" in the capital since Saturday because of rumors that Moro Islamic Liberation Front rebels were in the Manila area.

He said there had been no reports of any incidents and that the alert might be lifted Monday.

The newspapers, Manila and the Philippine Tribune, quoted intelligence sources as saying additional security was ordered after the discovery of a plot allegedly involving Marcos loyalists and officers linked to the November incident. The latter led to the dismissal of the defense minister, Juan Ponce Enrile.

WORLD BRIEFS

U.S. Lifts Ban on Drill Sales to Soviet

WASHINGTON (UPI) — The Reagan administration, responding to pressure from the domestic oil and gas industry, has lifted controls on the export of drilling equipment to the Soviet Union that were imposed in 1978 to force a change in Soviet human rights policy.

Officials emphasized that the Commerce Secretary Malcolm Baldrige said Thursday that the controls were being lifted because they "have lost their impact in the face of widespread foreign availability of like products" and have had a "debilitating effect" on the American oil and gas industry. Mr. Baldrige said the decision to lift the controls was made in conjunction with Secretary of State George P. Shultz, and "despite our dissatisfaction with Soviet human rights efforts."

Talks Collapse on EC's 1987 Budget

BRUSSELS (Reuters) — European Community budget ministers failed to agree on spending levels for 1987.

The collapse of the talks leaves the 12-nation group operating on an emergency financing system that is insufficient to cover its needs and opens the possibility of a damaging conflict with the European Parliament, diplomats said Saturday. In December, the Parliament proposed a budget totaling \$40 billion.

The ministers were unable to bridge differences between member industrial countries and the Mediterranean countries over demands from the Parliament for more nonagricultural expenditure.

Seoul Reports Dissident Was Tortured

SEOUL (Reuters) — A South Korean student dissident who died while in detention for anti-government activities was tortured by the police, state radio reported Sunday.

The report said that two police investigators had admitted torturing Park Jong Chol, 21, during an interrogation. A police spokesman said that an official announcement on the death was expected Monday, but the results of an autopsy on Mr. Park's death Wednesday would be available. The officers face life imprisonment if they are found guilty of torturing the student, state prosecutors said.

The New Korea Democratic Party, the main opposition group, demanded Saturday that the parliament hold a special session to discuss the death. The party said the case was only the "tip of the iceberg" of human rights violations by the government of President Chun Doo Hwan.

French Aide Denies He Met With Suspect

PARIS (IHT) — Interior Minister Charles Pasqua denied on Sunday reports that he may have met with the principal suspect in a corruption case involving figures in France's former Socialist government.

French radio and television stations reported that Yves Chaler, who is a former aide to the cooperation minister and is in jail awaiting trial, told the examining magistrate in the case Saturday that he had met with Mr. Pasqua before fleeing France for Latin America in April.

Mr. Chaler, who was arrested in November after returning to France on a passport issued in a false name, is under investigation for the embezzlement of funds intended for Third World development.

Mr. Pasqua said in a one-sentence statement: "I deny all information concerning a meeting with Yves Chaler."

Soviet Activist's Wife On Way to U.S.

MOSCOW (UPI) — Anna K. Meiman left Moscow on Sunday to undergo cancer treatment in the United States.

Mrs. Meiman, 54, was to spend a night in Vienna before flying Monday to Washington, where she will begin treatment at Georgetown University Hospital. She has undergone four operations for a tumor on the back of her neck, but Soviet physicians have been unable to halt its growth.

Her husband, Naum, 75, a mathematician and founding member of a group to monitor Soviet compliance with the 1975 Helsinki accords on human rights, silently begged his wife, refusing to talk about his own efforts to leave the country. He has been refused permission to emigrate for almost 12 years.

■ **Kemp Said to Set Date for Candidacy**
BUFFALO, N.Y. (UPI) — Representative Jack P. Kemp of New York plans to announce his candidacy for the 1988 Republican presidential nomination April 6, it was reported Sunday.

Mr. Kemp will give up the chairmanship of the House Republican Caucus to devote more time to his candidacy. The Buffalo News reported. He has held the post since 1981. Mr. Kemp announced Friday he would give up his post as ranking Republican on a House appropriations subcommittee. The newspaper reported that Mr. Kemp will hold news conferences April 6 in Washington and Buffalo and in the key primary states of Iowa and New Hampshire.

Mr. Kemp, a 51-year-old former professional football player, has been a member of Congress since 1970. Last month, he announced the creation of a committee headed by Charles Black, a veteran Republican strategist, to explore a presidential bid.

For the Record

Israel should maintain its economic and military links with South Africa despite U.S. pressure for it to adopt sanctions, panel of experts has recommended. Israeli news reports said Sunday.

The United States is reported close to establishing diplomatic relations with Mongolia, a Soviet ally on the Soviet-Chinese border. "We are having discussions with Mongolia about normalizing relations," Charles E. Redman, the State Department spokesman, said Friday.

Sudan has turned down requests from the Chadian government and the Libyan-backed rebels for military facilities, Prime Minister Salah el-Mahdi of Sudan said Sunday.

Six Tamil militants and eight soldiers were killed Saturday when two Sri Lankan Army helicopters attacked a rebel post near the northern city of Jaffna, a spokesman for the rebels said Sunday.

All Ahmad of the Iranian Foreign Ministry arrived in Paris on Sunday for talks with the French government that are expected to focus on ways of improving ties. France has expressed concern over progress toward the release of French hostages in Lebanon.

■ **DOONESBURY**
GOTTA GO. SEE YOU TONIGHT.
HOLD IT. RICK, YOU'RE SUPPOSED TO DRIVE. JEFF TO DAY CARE TODAY.
OH, HEY, SORRY. I CAN'T, GABE. I GOT A BIG MEETING TODAY AND...
SO DO I. IN FACT, I'VE BEEN TO DRIVING SCHOOL. TO DRIVE TO WORK ON TIME!
YOU DON'T UNDERSTAND, JIMMY. MY SPARKS GOT SICK, SO I...
RICK, YOU PROMISED TO TAKE HIM! YOU ALWAYS DO THIS TO ME!
YOU DADDY! ILL WALK. COULD YOU SON?
RICK!

■ **Dhaka, Moscow Boost Trade**
DHAKA, Bangladesh — Bangladesh and the Soviet Union signed an agreement Sunday to exchange goods worth \$70.5 million this year, a 7-percent increase in trade volume over 1985, the official press agency BSS reported.

Warsaw Takes Big Step Out of Diplomatic Isolation

By Jackson Diehl

Washington Post Service

WARSAW — The government of General Wojciech Jaruzelski appears to have achieved a breakthrough in ending Poland's long-standing diplomatic isolation.

Prime Minister Yashiro Nakasone of Japan, on a four-nation trip through Eastern Europe, met with General Jaruzelski and Prime Minister Zbigniew Messner on Friday for talks that both sides termed successful. Officials said discussions focused on Warsaw's desire for expanded economic cooperation with Japan, but no concrete agreements were discussed.

The visit, the first by a Japanese prime minister to postwar Poland, came in a week in which General Jaruzelski carried out a two-day trip to Italy in his first official visit to a Western country since the suppression of the Solidarity indepen-

dent trade union five years ago. While in Rome, the general also met with Pope John Paul II at the Vatican, an event the pope termed "unprecedentedly historic."

Polish officials and the state-run media have described the diplomatic activity as a major success that has marked a turning point in the country's international relations.

"The proclaimed Polish-Japanese top-rank political dialogue," said the daily Zycie Warszawy, "additionally confirms a fact most important to us: We are witnessing an evident restoration and consolidation of Poland's international position, shaken by the crisis of 1980-81."

Ending the longstanding freeze on diplomatic contacts and economic assistance to Poland by Western countries has been a priority of the Jaruzelski government as it seeks to manage a \$30-billion

foreign debt to the West and revitalize a sluggish economy.

Above all, Warsaw is seeking an end to remaining U.S. economic sanctions, which include a ban on official U.S. credits and withdrawal of Poland's most-favored-nation trade status. Poland contends the sanctions have cost the country billions of dollars in lost trade.

In December 1985 General Jaruzelski arranged an official visit to Paris for a meeting with President Francois Mitterrand, and last year several West European countries renewed leading to Poland on a modest scale. But Poland was not able to obtain major Western credits and investments or an end to U.S. sanctions.

The basis of the new upturn in Western relations was set last September when General Jaruzelski released virtually all of Poland's political prisoners, including several top leaders of Solidarity. The am-

nesty had been a tacit condition of Italian and Vatican agreement to the general's visit last week as well as for the lifting of U.S. sanctions, Western diplomats said.

After this week's events, Polish officials foresee a series of new contacts with Western countries and say they are optimistic about a restoration of normal relations with the United States.

The government spokesman, Jerzy Urban, said last week that General Jaruzelski would probably make two or three other visits to the West this year, while the foreign ministers of France, West Germany and some other Western European countries are expected to visit Warsaw.

Diplomats here said that a complete lifting of the U.S. sanctions could come within several months if planned contacts proceed successfully.

Farewell to Arms for Uganda Youth

Reuters

KAMPALA, Uganda — Monday is back-to-school day for hundreds of Ugandan child soldiers who interrupted their formal education to take up arms and fight in President Yoweri Museveni's National Resistance Army.

The children, known locally by the colloquial Swahili word *bakadogo*, or little ones, have received their demobilization orders from army headquarters after up to five years of guerrilla war against the government of former President Milton Obote.

An army spokesman in Kampala said the youngsters, some of them under 10 years old, should put aside their guns, take off their

army uniforms and report to one of two special military academies to resume formal schooling.

Any found roaming around armed or in uniform without a pass from his or her school would be liable to arrest and disciplinary action, he added.

The order ends a lengthy debate in Uganda on the future of the child soldiers, and widespread public criticism of Mr. Museveni's government for allowing them to carry out law and order duties almost a year after the army came to power.

Mr. Museveni has tried to answer critics by saying his guerrilla force did not set out to recruit the children.

"Many children were abandoned and left helpless when their parents or guardians were massacred by Obote's murderous soldiers," he said last year.

Soldiers who fought in the National Resistance Army campaign said the children played an important part in intelligence gathering by posing as innocent children, and in some cases they fought successfully against disciplined troops who underestimated their ability.

The two military academies are in the barracks at Mbarara, 150 miles (240 kilometers) southwest of Kampala, and Bombo, 20 miles north of the capital, with each school teaching a distinct syllabus.

Amal, a large Beirut-based, political-military organization in the Lebanese political mainstream that is said to be linked to Syria; and Hizbollah, or Party of God, which originated in the Bekaa region of Lebanon north has a more clearly Islamic fundamentalist ideological base and appears to be supported by Iran.

The U.S. authorities believe that the 17-day TWA hijacking began as an operation conducted by Hizbollah. Later, however, the leader of Amal became the chief intermediary and Amal appeared to take over the operation.

Similarly, the purported plot to blow up the U.S. Embassy in Rome in 1984 may have involved both Amal and Hizbollah, according to U.S. and Italian officials.

Participants backed a declaration condemning the use of force by governments and criminal forces that seek to intimidate the news media.

The document, called the Declaration of London, said borders should be open to foreign journalists to travel freely in each country and have access to official and unofficial news sources.

The resolution urged creation of a fund "to support legal challenges to censorship measures and to other abuses of press freedom."

The declaration supported sending fact-finding missions to countries with strict press regulations and said the first such mission would try to visit South Africa.

Participants backed a declaration condemning the use of force by governments and criminal forces that seek to intimidate the news media.

The document, called the Declaration of London, said borders should be open to foreign journalists to travel freely in each country and have access to official and unofficial news sources.

The resolution urged creation of a fund "to support legal challenges to censorship measures and to other abuses of press freedom."

The declaration supported sending fact-finding missions to countries with strict press regulations and said the first such mission would try to visit South Africa.

Participants backed a declaration condemning the use of force by governments and criminal forces that seek to intimidate the news media.

The document, called the Declaration of London, said borders should be open to foreign journalists to travel freely in each country and have access to official and unofficial news sources.

The resolution urged creation of a fund "to support legal challenges to censorship measures and to other abuses of press freedom."

The declaration supported sending fact-finding missions to countries with strict press regulations and said the first such mission would try to visit South Africa.

Participants backed a declaration condemning the use of force by governments and criminal forces that seek to intimidate the news media.

The document, called the Declaration of London, said borders should be open to foreign journalists to travel freely in each country and have access to official and unofficial news sources.

The resolution urged creation of a fund "to support legal challenges to censorship measures and to other abuses of press freedom."

The declaration supported sending fact-finding missions to countries with strict press regulations and said the first such mission would try to visit South Africa.

Participants backed a declaration condemning the use of force by governments and criminal forces that seek to intimidate the news media.

The document, called the Declaration of London, said borders should be open to foreign journalists to travel freely in each country and have access to official and unofficial news sources.

The resolution urged creation of a fund "to support legal challenges to censorship measures and to other abuses of press freedom."

UNIVERSITY DEGREE
BACHELOR'S • MASTER'S • DOCTORATE
For Work, Academic, Life Experiences.
Send detailed resume for free evaluation.
PACIFIC WESTERN UNIVERSITY
400 N. Sepulveda Blvd.,
Los Angeles, California
90049, Dept. 23, U.S.A.

WORLDWIDE ENTERTAINMENT
A FREE NEWS IT FL 17A
ALL INCLUDE EXCELLENT COUNTRY WINES
CLOSED SATURDAY, SUNDAY
41, Rue Beldy d'Angoulême, Paris-9
New Avenue/Champs Elysees & Foyot
Tel.: 42 65 06 85.

Since November, Reagan Has Faced No Iran Questions

By David Hoffman
and Lou Cannon

Washington Post Service

WASHINGTON — President Ronald Reagan has not been questioned since November by his staff or others about his recollections of the decision to sell arms to Iran, a White House spokesman said.

"So far as I know, there has been no effort yet to do that," the spokesman, Albert R. Brashear, said Friday. He said Mr. Reagan would not be questioned until aides have put together their report on what happened in the clandestine shipment of weapons to Iran.

"The president should not be asked to comment, certainly, until such time as the aides have been able to 'sort it all out,'" Mr. Brashear said. "I don't think it is fair that he be asked to do that."

Mr. Brashear said the White House counsel, Peter Wallison, and the president's special counsel on the Iran-contra affair, David M. Abshire, were assembling information to "indicate what exactly transpired."

"Until such time," he said, "it's my understanding there is no intent to go to the president with each thing that they uncover, each thing that they review, but rather to wait until the process is complete."

He said the process included investigations by Congress, the independent counsel, Lawrence E. Walsh, and the president's commission on the National Security Council, headed by John G. Tower.

Later Mr. Friday, Mr. Abshire issued a statement saying Mr. Reagan "is continuing to follow closely" the efforts to compile facts about the controversy. He said that Mr. Reagan met with him this week and will continue to meet with him, and that Mr. Reagan "remains committed to his pledge to the American people that they get all the facts."

A White House statement issued after the meeting said the two men discussed three objectives: accelerating release of information to the separate investigations; establishing "positive" relations with Congress; and maintaining a "bipartisan focus" during the inquiries.

It made no mention of any dis-

cussion about Mr. Reagan's recollections of the Iran decisions.

The president has not met with reporters since the Nov. 25 announcement that money from arms sales to Iran was diverted to the Nicaraguan rebels. Mr. Reagan has said he did not know about the diversion until informed of the results of an investigation by Attorney General Edwin Meese 3d. Mr. Reagan apparently was the last official to question the president about the affair.

The White House chief of staff, Donald T. Regan, who participated in the Iran arms sales decisions but also said he did not know of the diversion, has also been unavailable for comment on any subject since then.

Many questions have come to light since Nov. 25 about Reagan's role.

One concerns the policy objectives of the arms sales to Iran. Last week, the White House made public a Jan. 17, 1986, memorandum prepared for Mr. Reagan that called the sales "the only way to free" U.S. hostages in Lebanon.

Mr. Reagan was given an oral briefing on the document, according to a notation by Admiral John M. Poindexter, his national security adviser at the time.

Another key question is whether the president approved in advance the shipment of weapons to Iran through Israel in 1985. For Israel to send the weapons without presidential approval would be against U.S. law. Top advisers have given conflicting accounts on the question.

White House aides have refused to make public additional documents to shed light on these and other questions.

Mr. Brashear was whether the president was "involved" in the investigation and replied: "He is not sitting down devoting all his time to reviewing what is behind him. The president is looking forward, as he must in his job of carrying out the last two years of his term in office."

A White House official said Friday that Mr. Reagan's State of the Union Address on Jan. 27 would be oriented toward the future.

AMERICAN TOPICS

Blacks Providing Democrats' Margins

In all nine presidential elections since Harry S. Truman won in 1948, the Democratic nominee has won a majority of the white vote only once, when Lyndon B. Johnson overthrew Barry Goldwater in 1964. These nine contests produced only two other Democratic victories: John F. Kennedy's in 1960 and Jimmy Carter's in 1976.

In the 1986 Senate elections, in which the Democrats came back from four years in the minority to win a five-seat majority, black voters provided the clear margin of difference for the party's nominees in Alabama, Georgia, Louisiana and North Carolina, The New York Times reports.

The figures come from the Joint Center for Political Studies, a research group in Washington that is studying black political influence. The center concluded in a newsletter that for the Democratic Party to win the presidency in 1988, it "must be capable of putting together a coalition that includes at least a substantial proportion of whites," about 40 to 45 percent, and of "maintaining its nearly unanimous black support."



TAKING THE RAP — Shannon Burns, 10, with her account passbook in San Jose, California, after the Internal Revenue Service placed a lien on her savings of \$694 to collect back taxes owed by her father. The IRS relented after she complained to a newspaper.

Notes About People

Governor Michael S. Dukakis of Massachusetts, a potential Democratic nominee for president, likes to remind audiences that Boston, the state capital, has traditionally been known as the Athens

of America. He then pauses and smiles slowly as the double meaning sinks in: the governor himself is of Greek ancestry.

Vic Damone, 58, the crooner, and Diana Carroll, 51, an actress currently

starting in television's "Dynasty," were married in Atlantic City, New Jersey, each for the fourth time.

Short Takes

Gunfire killed nearly two-thirds of the 97 law enforcement officers who died in the line of duty in 1986, according to the National Association of Chiefs of Police. Sixty-one officers died of gunshot wounds, 21 in traffic accidents and 11 in plane crashes. Two died in a bomb explosion, one drowned in a rescue attempt and one died of a heart attack while chasing a felon. The figures changed very little from 1985, when 100 officers were killed, including 64 of gunshot wounds and 26 in traffic accidents.

Attending college may well improve a woman's marriage prospects, a U.S. Census Bureau study indicates, disputing a report that suggests women who postpone marriage to pursue an education are less likely to marry. Jeanne E. Moorman said her figures show that a woman of 20 stands an 88.9 percent chance of marrying by age 65. However, if her education stopped at elementary school, the likelihood is 79 percent, dipping to 74.2 percent with some high school. Her chances rise to 86.6 percent with a high school diploma and to 93.5 percent with some college, peaking at 96.2 percent if she gets her degree. However, if she goes on to graduate school, the chances slip slightly, to 89.7 percent.

Shorter Takes: Of the 52 Americans held hostage for 444 days in Iran, 51 have received special bonuses voted by Congress of \$50 for each day of captivity, or \$22,200 each. The 52nd hostage was not a government employee and was not eligible. • Public school pupils in Hattiesburg, Mississippi, who get straight A's receive a laminated "Gold Card" entitling them to discounts on hamburgers, pizza, videocassette rentals, sporting goods and clothes at local stores. • Applications are up 10 percent at the U.S. Naval Academy at Annapolis, Maryland. A spokesman attributes this, at least in part, to the hit film "Top Gun" and the best-selling novel "The Hunt for Red October," both about the navy.

A Practical Guide To Marital Brevity

A handbill placed under the windshield wiper of Amy J. Haimm's car in Lawrence, Long Island, and reported to The New York Times: GOING OUT OF MARRIAGE SALE. WE'RE SPLITTING UP. AND WHAT WE CAN'T SPLIT UP WE'RE SELLING! EVERYTHING LIKE NEW (IT ONLY LASTED THREE MONTHS).

—ARTHUR HIGBEE

Klan Backers Block 'Brotherhood' March in All-White County

Goal of Walk Was to Welcome Georgia Blacks

By Dudley Clendinen

New York Times Service

CUMMING, Georgia — When Charles A. Blackburn moved to this hilly, rustic area in north Georgia five years ago from the San Francisco Bay area, he thought it was a perfect balance: a cabin on a lake in woody country just 30 miles north of metropolitan Atlanta.

Mr. Blackburn is a white man, and he did not notice at first, so close to that city of racial harmony, that there were no black people here in Forsyth County.

He did not know the reason. But when he tried to persuade a black women's club in Atlanta to take some of the human development courses he teaches, along with karate and meditation classes, the club president pulled her group and none of them would set foot in Forsyth County.

Nor would black friends from Atlanta drive up to have dinner with him, he said.

Not since the black population was driven from the county in 1912, he discovered, has anyone of that color felt welcome here.

Because that bothered him, Mr. Blackburn decided to organize "a walk for brotherhood" on Saturday morning. He just wanted to demonstrate, he said, "that it would be O.K. for black people to come visit in Forsyth County."

That is when the threats began, and they proved to be harbingers of the walk's disruption Saturday by hundreds of Ku Klux Klan members.

The county's leadership has stepped forward to denounce the threats, which Mr. Blackburn had recorded on tape. "Anti-Christ!" one voice hissed. Another male voice, low and menacing, said, "I got a 30.06 bullet with your name on it."

But it was the women who were the most volatile. "I just don't think it's a good idea for you to try to get the niggers to come up here," said one. "That's why we live in Forsyth County: to get away from them."

Another woman, her voice crinkly with age, said: "You know what I think? I think you better move out of this county. I know one person whose house was burned, so you'd better watch out."

Three-quarters of a century ago, it was the blacks who moved out. In September 1912, after a rape so brutal that its victim, a young white woman, died of her injuries, one of three young black men she had named as her attackers was left



A Ku Klux Klan member with a Confederate flag and others shouting racial epithets during the march.

murdered and dead, hanging from a telephone pole.

Within six weeks, the two others had been tried and hanged before a crowd of 10,000 whites.

By then, after mass dismissals by employers and a series of house and church burnings, every black person in Forsyth and Dawson Counties, hundreds in all, had been driven out.

The counties of north Georgia, like those of northern Alabama or other states of the same latitude, lack the flat lands and richer soil of the old cotton and plantation belt to the south.

Historically they have had tiny black populations. Several counties in north Georgia have no blacks, and residents show none of the friendly biracial feelings that developed where both races lived together.

But it is the history of the rape and the forced exodus 75 years ago that makes the whiteness of Forsyth County such a sharp object lesson. And the shooting of a black Atlanta firefighter at a picnic in a lake-side park there just six years ago served as a reminder of the county's bitter history.

"Somebody's got to keep the niggers out," Melvin Crow, one of the suspects, told investigators. That statement was reported in an article on Forsyth County last fall in Creative Loafing, an Atlanta newspaper.

The county, one of four that form the northern collar of Atlanta, has grown from 6,000 residents in 1960 to almost 40,000 today, said Sheriff Wesley C. Walraven Jr.

The threats that Mr. Blackburn received have made people elsewhere wonder whether the old hostility had diminished. No blacks have moved into the county, and

Whites Hurl Rocks and Bottles; 8 Arrested

New York Times Service

CUMMING, Georgia — A large crowd of Ku Klux Klan members and supporters throwing rocks, bottles and mud blocked a "brotherhood anti-intimidation march" through a county that for decades has had no black residents.

Several of the estimated 75 black and white marchers were struck by the objects, but no serious injuries were reported. Eight persons from the group that jeered and threw objects were arrested.

The Forsyth County march was planned to mark the Jan. 15 birthday of the Reverend Martin Luther King Jr., the civil rights leader slain in 1968. It was led by Hosea Williams, an Atlanta city councilman and former aide to King.

An estimated 800 to 1,000 whites, including about 100 members of the Ku Klux Klan, gathered in opposition to the march. They listened to a speech by J.B. Stoner, a white supremacist who was released from a federal prison in November after serving three and a half years of a 10-year sentence for participating in the 1958 bombing of a black church in Birmingham, Alabama.

Norman A. Baggs, editor of The Forsyth County News, said the old animus was diminishing as the years pass and new residents arrive. But the county is not singular in being a refuge for whites, he said.

NSC Commission Finds Little New Evidence

By Susan F. Rasky

New York Times Service

WASHINGTON — Less than two weeks before its report is due, the White House panel examining the National Security Council's role in the Iran-contra affair has uncovered almost no new information.

President Ronald Reagan named the three-member review panel, headed by former Senator John G. Tower of Texas, in November after saying he had not been fully informed that as much as \$30 million from American arms sales to Iran may have been diverted to the Nicaraguan rebels.

In addition to Mr. Tower, the other members are former Secretary of State Edmund S. Muskie, and Brent Scowcroft, a former national security adviser.

According to administration sources familiar with the panel's work, the report is being prepared without access to the individuals and financial records the panel sees as crucial.

According to the Justice Department, the earliest such records might become available would be mid-February, assuming the Swiss government agrees to waive its strict privacy rules and grant the administration's request for access to the accounts.

Lacking subpoena power, the panel has been unable to compel appearances by several central figures in the affair.

These include Vice Admiral John M. Poindexter, a former national security adviser; Colonel Oliver L. North, a former NSC staff member; Richard V. Secord, a retired air force major general; Albert Hakim, who was General Secord's business partner; and several Israeli officials.

William J. Casey, the director of the Central Intelligence Agency, remains too ill to speak with the panel after removal of a cancerous tumor from his brain last month.

At the same time, any suggestions the panel makes on how the National Security Council should be organized and used in the future have already been overtaken to some degree because Frank C. Carlucci, the new national security adviser, began a major internal review and reorganization this month.

He said a week ago, for example, that the National Security Council would no longer involve itself in covert operations.

Despite the difficulties, the commission sees its contribution as valuable, the sources said. It is continuing to pursue leads and hopes to produce a chronology of the Iran affair that could provide some insights on why particular events unfolded as they did.

Even if the review board's Jan. 29 report deadline is extended for a brief period, as now seems likely, prospects that it could turn up major revelations are unlikely, the sources said.

Hussein Enan welcomes ADVISTA ARABIA '87 delegates

With the international recession and its effects on the Arab World the first budget cuts are - rightly or wrongly - those related to advertising and public relations. The media, especially the press, has been adversely affected by this phenomenon. It is for this reason that ADVISTA ARABIA '87 comes at a most opportune time. This conference will be a landmark in the history of advertising and marketing in the Arab World. The theme: "Knowledge is power: Effective Advertising and Marketing in the Arab World"

is dedicated to helping international advertisers to better understand our intricate, if lucrative, markets as well as to promote inter-Arab cooperation and understanding in the fields of advertising and marketing. It is indeed an honour and a great privilege that the conference - the first of its kind to be held on such a grand scale - will be hosted by Egypt. I take this opportunity to welcome all ADVISTA ARABIA '87 delegates.



"ADVISTA ARABIA '87 will be a landmark in the history of advertising and marketing in the Arab World."

Hussein M. Enan

— Hussein Enan
President, Board of Trustees,
Egyptian Radio & TV

2for1

Take advantage of our special rates for new subscribers and we'll give you an extra month of Tribes free for each six months you subscribe. Total savings: nearly 50% off the newsstand price in most European countries!

To: Subscription Manager, International Herald Tribune, 181, av. Charles-de-Gaulle, 92521 Neuilly Cedex, France. Tel: (1)46 37 93 61. Telex: 612832.

Country	Currency	1 year	6 mos.	3 mos.
Austria	S.	4,800	2,400	1,450
Belgium	B.F.	10,700	5,350	3,200
Denmark	D.Kr.	2,300	1,150	690
Finland	F.M.	1,650	800	490
France	F.F.	1,400	700	400
Germany	D.M.	500	250	170
Great Britain	£	120	60	34
Greece	Dr.	20,000	11,000	6,000
Netherlands	Fl.	654	340	190
Ireland	£Ir.	140	70	42
Italy	Lira	330,000	165,000	105,000
Luxembourg	L.F.	10,700	5,350	3,200
Norway	N.Kr.	1,650	800	500
Portugal	Esc.	19,000	10,000	5,700
Spain	Pes.	26,500	14,000	8,000
Sweden	Skr.	1,700	850	500
Switzerland	S.F.	490	240	148
Rest of Europe, North Africa, former French Africa, Middle East	S	400	200	120
Rest of Africa, Gulf States, Asia	\$	550	270	165

Please enter my subscription for:

☐ 12 months (+2 months free) ☐ 6 months (+1 month free) ☐ 3 months (+2 weeks free)

☐ My check is enclosed. ☐ Please charge my credit card account:

☐ Access ☐ American Express ☐ Discover ☐ Euro-card ☐ MasterCard ☐ Visa

Card account number

Card expiry date

Signature

Name

Address

City/Country

Tel./Telex

* In these countries hand delivery service is available in major cities on the publication date. For details and rates, please check here and fill in your address above.



ADVISTA ARABIA '87 offers you

50% Off

RANGES FROM

\$39.50

Per Issue

\$43.50

Double Issue

Meet & assist at the Airport

A waiver of the \$150 Currency Exchange

Subject to availability after January 10.

Registration Form:

Name:

Title:

Company:

Address:

Tel.:

Tlx.:

I will need translation in French ☐ Arabic ☐

Payable to AAPIC in Draft or Certified Check.

Payment enclosed for:

DELEGATE FEES (ACCOMPANYING PERSONS) ☐

Total Amount Enclosed

Please charge my account:

(AMEX) ☐ (VISA) ☐

Name on card:

Card No.:

Signature:



اتحاد الإعلان العربي

ADVISTA ARABIA '87

Cairo 15-19 Feb. 87

Please return forms and payment to:

Galat Zaki, AAPIC

32 H Radwan Bn Tabla St., Giza, Cairo, Egypt

Tel: 725020 Tlx: 94388 NOUR UN Fax: 733550

In UK Only Contact Elaine Miles:

21 Tower St, London WC2R 0RN Tel: 2406099

Delegate Fee US\$ 650
Spouse Fee US\$ 300

Europe's Cold Snap Eases But Death Toll Keeps Rising

Compiled by Our Staff From Dispatches
LONDON — Europe's record cold wave loosened its grip in several regions Sunday, but freezing temperatures took more lives and many communities remained cut off.

Milder weather returned to parts of Europe after two weeks of snowstorms, bitter winds and record low temperatures from Siberia to Ireland. The weather-related death toll from the cold rose to at least 343.

In Soviet Georgia, an avalanche killed three persons and forced the evacuation of about 2,000, a Soviet newspaper said. Sovietist Sport said the avalanche occurred Tuesday in the village of Khakheti in the Dusheti region.

It also reported that 500 vacationers had been evacuated from the Georgian ski resort of Gudauri in a 12-hour helicopter airlift after

the village was cut off by an earlier avalanche.

Eastern Europe has experienced some of the worst of the weather, but temperatures in Moscow were climbing toward the freezing point, and last week's snow was turning to slush.

France, which has been among the hardest hit of the Western European nations, reported nine more deaths Sunday.

More than 60 people have frozen or died in weather-related accidents in seven days in France. Among the deaths reported Sunday were a vagrant found frozen on a street in the northeastern city of Strasbourg, and a 75-year-old man who was killed while lighting a gas oven in his home.

In northeastern Italy, Trieste winds gusting up to 75 mph (120 kph) knocked down trees and power and telephone lines. No deaths or injuries were immediately re-

ported and the extent of damage was not known. Temperatures in the city, however, climbed to 5 degrees centigrade (41 degrees Fahrenheit).

In West Germany, a 15-year-old walking in the Bavarian Alps was crushed to death when an ice slab fell on him.

An ice jam on the Weser River at Bremen was threatening to cause flooding and icebreakers were working to dislodge it.

Officials said the ice, 1.5 miles (2.4 kilometers) long and 3 feet (one meter) thick, was too soft to be blown free by explosives. It was the first ice jam to close the Weser since 1946, when the Allies refused to allow explosives to be used to clear it.

Icebreakers were also out in the North and Baltic seas because commercial fishing was virtually brought to a halt by coastal pack ice.

In East Germany, the temperature dipped early Sunday to minus 20 degrees centigrade (4 degrees Fahrenheit) and soldiers were put to work at power plants.

In Italy, the Civil Defense Ministry reported that the past two weeks of rain, snow, high winds and rough seas had caused \$100 million in damages nationwide.

(AP, UPI)

FRANCE: Mood of Charity

(Continued from Page 1)

ishments, which are now in their second season of operation.

"Fortunately, there was Coluche," said Maurice Rochet, a former plumber who has been unemployed for three years, at the tent Friday.

"I worked for 35 years," said Mr. Rochet, who is 54. "Before there was work, but not now. Certainly, at my age, it's impossible."

Coluche's centers have become an emblem of a particular mood in France this season that has been prompted most recently by unusually cold weather.

The cold, which was followed by snowfall and arrived amid a series of public service strikes, has focused more attention on what might be called France's social misery index. It has produced more declarations in favor of "solidarity," which in French means concern for one's fellow citizens.

Prime Minister Jacques Chirac appeared on the evening television news last week to offer assurances that the several thousand homeless people in Paris could find beds in reception centers around the city.

President François Mitterrand called in a public statement for "each one of us, the state and local governments, but also private organizations, to go further" to help those "in situations of distress."

The transportation authority, after refusing at first to make the Paris subway available to the homeless after the trains stop running each night, left the doors open at some stations. People have been sleeping on the platforms.

The Communist daily L'Humanité reported last week that in the village of Champigny-sur-Marne east of Paris, where the Communist Party has controlled the local government for 40 years, old jackets and sweaters had been distributed to the children of "the least advantaged people." The cost to local taxpayers was about \$5,000.

Many of the French remember the days when the homeless slept picturesquely under Paris's arched bridges and received public handouts.

But Mr. Arman noted Friday that there were roads under the bridges these days. Most of the homeless sleep in the government-supported reception centers.

Ecevit Sentenced For Violating Ban

Agence France-Press

IZMIR, Turkey — Bulent Ecevit, the former Turkish prime minister, was sentenced here Saturday to 11 months and 20 days in prison on charges of violating a law that bans him from political activity until 1992, legal sources said.

Mr. Ecevit, 61, who was prime minister three times from 1974 to 1979 and was the former head of the now-dissolved Republican People's Party, is restricted from politics under a law adopted after a military coup in 1980. Mr. Ecevit, who remained free on appeal, served a six-month prison term in 1981 for criticizing the generals who led the coup.

He allegedly violated the ban four times, once in May 1986 and three times during elections in September, when he was said to have helped the Democratic Left party founded by his wife, Rahsan.

The transportation authority, after refusing at first to make the Paris subway available to the homeless after the trains stop running each night, left the doors open at some stations. People have been sleeping on the platforms.

The Communist daily L'Humanité reported last week that in the village of Champigny-sur-Marne east of Paris, where the Communist Party has controlled the local government for 40 years, old jackets and sweaters had been distributed to the children of "the least advantaged people." The cost to local taxpayers was about \$5,000.

Many of the French remember the days when the homeless slept picturesquely under Paris's arched bridges and received public handouts.

But Mr. Arman noted Friday that there were roads under the bridges these days. Most of the homeless sleep in the government-supported reception centers.

The Communist daily L'Humanité reported last week that in the village of Champigny-sur-Marne east of Paris, where the Communist Party has controlled the local government for 40 years, old jackets and sweaters had been distributed to the children of "the least advantaged people." The cost to local taxpayers was about \$5,000.

Many of the French remember the days when the homeless slept picturesquely under Paris's arched bridges and received public handouts.

But Mr. Arman noted Friday that there were roads under the bridges these days. Most of the homeless sleep in the government-supported reception centers.

The Communist daily L'Humanité reported last week that in the village of Champigny-sur-Marne east of Paris, where the Communist Party has controlled the local government for 40 years, old jackets and sweaters had been distributed to the children of "the least advantaged people." The cost to local taxpayers was about \$5,000.

Many of the French remember the days when the homeless slept picturesquely under Paris's arched bridges and received public handouts.

But Mr. Arman noted Friday that there were roads under the bridges these days. Most of the homeless sleep in the government-supported reception centers.

The Communist daily L'Humanité reported last week that in the village of Champigny-sur-Marne east of Paris, where the Communist Party has controlled the local government for 40 years, old jackets and sweaters had been distributed to the children of "the least advantaged people." The cost to local taxpayers was about \$5,000.

Many of the French remember the days when the homeless slept picturesquely under Paris's arched bridges and received public handouts.

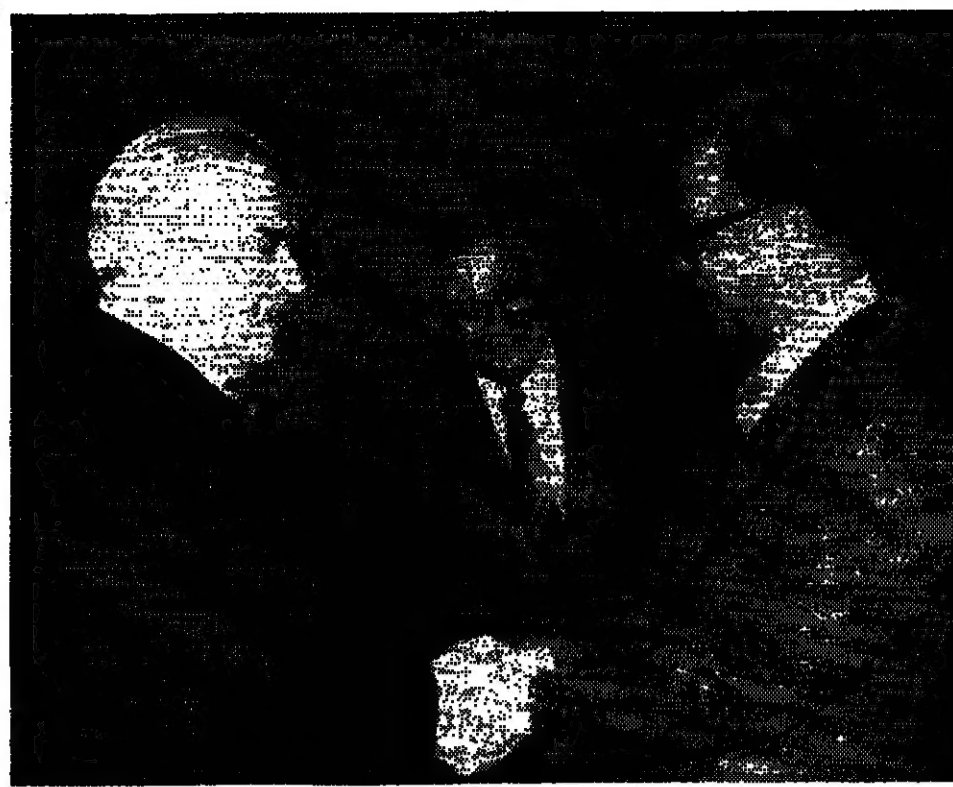
But Mr. Arman noted Friday that there were roads under the bridges these days. Most of the homeless sleep in the government-supported reception centers.

The Communist daily L'Humanité reported last week that in the village of Champigny-sur-Marne east of Paris, where the Communist Party has controlled the local government for 40 years, old jackets and sweaters had been distributed to the children of "the least advantaged people." The cost to local taxpayers was about \$5,000.

Many of the French remember the days when the homeless slept picturesquely under Paris's arched bridges and received public handouts.

But Mr. Arman noted Friday that there were roads under the bridges these days. Most of the homeless sleep in the government-supported reception centers.

The Communist daily L'Humanité reported last week that in the village of Champigny-sur-Marne east of Paris, where the Communist Party has controlled the local government for 40 years, old jackets and sweaters had been distributed to the children of "the least advantaged people." The cost to local taxpayers was about \$5,000.



Zhao Ziyang, right, the new acting general secretary of the Chinese Communist Party, greeting Ferenc Havasi, the leader of a Hungarian party delegation, in Beijing on Sunday.

CHINA: No Changes, Zhao Says

(Continued from Page 1)

disagreements and were uncertain what to say next.

A Western diplomat said that the key question to be resolved is whether Mr. Zhao is to be replaced as prime minister.

That decision would provide clues to the future of the Chinese leadership and its direction, the diplomat said.

One possible candidate, Deputy Prime Minister Li Peng, 58, is considered to be an advocate of central planning and less than a strong supporter of Mr. Deng's changes, which include the decentralization of economic power and greater use of market incentives.

Mr. Li was prominently featured Sunday in an article on the front page of People's Daily, the country's foremost newspaper. He was quoted as reassuring Chinese intellectuals about the importance of the role they play in society.

Mr. Li said the current campaign against "bourgeois liberalization" was directed only against those intellectuals who reject the four cardinal principles of China, which include upholding socialism and the leadership of the Communist Party.

The campaign has caused anxiety among many intellectuals. Some fear that their work will now be restricted and that they will be

forced to make self-criticisms or will even lose their jobs.

Mr. Li said that the Communist Party "cares for and trusts the broad masses of intellectuals."

Diplomats said that the prominence given to Mr. Li's remarks at a time when little information is available on leadership changes indicated that he was a strong contender for the position of prime minister.

A Chinese source who is usually well informed said, however, that it was unlikely that anyone would be appointed to replace Mr. Zhao as prime minister soon.

Diplomats said that the unexpected strength of conservative officials who have been critical of the pace and other aspects of policy changes raised questions about whether Mr. Deng and Mr. Zhao would have the power needed to push ahead with them.

Several students said over the weekend that they had no plans to begin more pro-democracy demonstrations soon.

But the students indicated that the current campaign against "bourgeois liberalization" has done little to convince them that they were wrong to start the demonstrations, which spread to more than a dozen cities in December and early January.

Some students said they feared



Li Peng

reprisals following the dismissal of the president and vice president of the University of Science and Technology of China at Hefei and then the forced resignation of Mr. Hu.

The two university administrators were accused of rejecting the Communist Party's leadership and instigating student demonstrations.

Analysts said Mr. Hu's resignation was likely to deepen the skepticism that many Chinese students and young intellectuals feel toward the party.

Indian Police Enter Sikh Temple Complex

By Steven R. Weisman

New York Times Service

NEW DELHI — Paramilitary police forces on Sunday entered the complex of the Golden Temple at Amritsar, the Sikh religion's holiest shrine, and arrested several persons suspected of involvement in terrorist activities, according to news reports here.

It was the second time in nine months that the police took the step of entering the shrine, whose sanctity has become a main point of contention in the struggle between militant Sikhs and the Indian government in Punjab state.

The raid was reportedly confined to office buildings and rest houses on the periphery of the temple.

Sikh religious leaders immediately held an emergency meeting and denounced the move, vowing to prevent any further intrusion by the police into the Golden Temple complex.

They charged that 200 innocent pilgrims and temple employees had been seized in the raid and that furniture and records were ransacked.

The Press Trust of India said that six suspected terrorists had been arrested.

The last time the police entered the temple was last May, when security forces routed more than 300 militants, whose leaders had declared an independent Sikh nation called Khalistan.

The move shook the moderate Sikh political leadership, and Surjit Singh Barnala, the Punjab chief minister, was forced to do penance by cleaning the shoes of Sikh pilgrims at various shrines around the state.

The raid Sunday morning followed reports in recent weeks that some Sikh extremists had once again begun using the temple as a sanctuary from which to carry out killings.

Such reports had led to the raid last May and also to the much bloodier army raid in June 1984, ordered by Prime Minister Indira Gandhi, in which hundreds of people were killed. Mrs. Gandhi was murdered the following October by two Sikh security guards in retaliation.

Since the 1984 army raid, which was almost universally condemned by Sikh leaders, Sikhs have been extremely sensitive about the sanctity of the temple.

Mr. Barnala, a moderate Sikh whose political support has greatly eroded in recent months, made no

public comment Sunday. On Friday, he had rushed to New Delhi for an emergency meeting with Prime Minister Rajiv Gandhi, Mrs. Gandhi's son and successor, to discuss the deteriorating situation in Punjab.

Press Trust of India, the leading news agency, reported that the police raid began shortly before midnight and lasted two to three hours. It said 75 persons were rounded up but that 25 persons were released after being identified as temple employees or worshippers.

Violence in Punjab has continued unabated in recent weeks, although there has not been any recent large-scale massacre of the kind that occurred when 22 persons were murdered on a bus in November.

Nevertheless, prominent individuals are frequently murdered by Sikh extremists in Punjab.

AFGHAN: Rebels Reject Bid

(Continued from Page 1)

Press reported from Islamabad. The rebels also said guerrillas were stepping up attacks against government positions.

Some guerrilla groups had turned down the cease-fire offer earlier this month. Saturday's rejection by all the groups came after weeklong meetings here.

Referring to the truce offer, Sibtghatullah Mojaddidi, leader of the Afghan National Liberation Front, one of the seven rebel groups, said, "The Soviet Union wants us to help consolidate the rule of its puppets in Kabul."

Taking turns, the seven leaders spoke in Afghanistan's two main languages, Pashto and Pushto, for more than four hours. They stood on a platform under fluttering green banners bearing Islamic slogans.

The crowd listened from a field used for playing *banduk*, the Afghan national sport in which teams of horsemen battle for control of the torso of a slaughtered calf or goat.

Western relief workers based here, and other Western and Afghan observers, described the rally as an impressive display of unity by the resistance movement, which is split by competing personalities, traditional loyalties and differing interpretations of Islam.

"This show of unity has dashed all Soviet hopes of a split in the resistance," said Gulbuddin Hekmatyar, head of another of the parties, Hezbi-i Islami. "All the leaders are issuing fresh instructions to field commanders inside Afghanistan to step up raids on Communist targets," he said.

Officials in Pakistan's Commission for Afghan Refugees said only a few of the estimated two million to three million refugees in Pakistan had crossed the border back into Afghanistan in response to the Afghan government's appeal for refugees to return home.

Early this month, the Afghan government declared an amnesty for all Afghans who came home and agreed to stop fighting.

■ New Diplomatic Activity. Soviet and U.S. officials were in Pakistan on Sunday for separate talks with the government, Reuters reported from Islamabad.

A Soviet first deputy foreign minister, Anatoly G. Kovalev, arrived Saturday on short notice for talks that open Monday with Pakistani leaders.

Spokesmen for the Soviet and U.S. embassies ruled out a meeting between Mr. Kovalev and the U.S. undersecretary of state, Michael H. Armacost, who arrived Sunday.

Mr. Kovalev's trip was announced Friday, 24 hours after a Pakistani Foreign Ministry spokesman had said no date had been fixed for his visit.

BBC Confirms It Canceled Show

The Associated Press

LONDON — The British Broadcasting Corp. confirmed Sunday that it had canceled a television program that reportedly claimed that a \$500 million (\$750 million) defense project was being kept secret from Parliament.

The corporation said it withheld the program on national security grounds.

The weekly Observer newspaper said the program uncovered a secret defense project that was withheld from Parliament despite rules requiring all projects costing more than £200 million to be reported to the House of Commons. It did not give details about the project.

FREED: Ecuador's Leader

(Continued from Page 1)

president of this country," he recalled, "but they kept on pushing me."

Later, he said, as he resisted demands from his captors, he was told that an execution team had been formed. He said a man came into the room and said: "I've been put in charge of killing you."

It has been impossible to learn the identities of the president's abductors or to interview them.

Both General Medardo Salazar Navas, the minister of defense, and Colonel Patricio Gonzalez, the base commander, were among those taken captive, as were the commanders of Ecuador's navy and air force.

Mr. Febres Cordero, a 54-year-old conservative who was elected in May 1984 and has been one of the closest U.S. allies in Latin America, said his capture recalled Ecuador's history of coups and military dictatorships and that he thought it had probably tarnished the country's international reputation.

But he said he believed the Friday welcome he received here Friday night after his release, when he made a brief public appearance, demonstrated that Ecuadorians "want to live in a democracy."

In the incidents last March, General Vargas, 52, announced that he had taken control of two air bases and intended to hold them until the defense minister, General Luis Pineros, and the commander of the army, General Manuel Albitia, resigned.

Four days later, the officers resigned. But General Vargas continued his rebellion, insisting that his demands had also included a criminal investigation that was not being conducted.

Mr. Febres Cordero, 55, sent troops to put down the rebellion. More than a dozen people were reported killed and General Vargas was placed under arrest at a military barracks, where he remained until Friday.

In October, Ecuador's Congress voted to grant amnesty to General Vargas, but the president refused to enact the amnesty until Saturday.

WAR: Iran Presses Raid on Basra

(Continued from Page 1)

Abu al-Khasib, about 10 miles (16 kilometers) down the Shatt al-Arab waterway from Basra, the refinery is presumably unused, since Iraqi oil production in the southern region has been stopped because of the war.

Iran said its forces had captured the islands of Umm al-Tawal and Fayyaz during "fierce fighting" overnight. Saturday, Iran claimed to have secured the strategic Bavar Island in the same area.

A dispatch Sunday from an Iranian correspondent at the front de-

scribed the battle for Bavar as "classic bunker-to-bunker fighting, advancing step by step" through "swampy" mine fields, strongholds, swamps. It said "fleeing enemy troops were tracked down and ferreted from their hiding places among the island's palm trees."

The dispatch said the Iranians had moved on from the island, "which played an important role in the defense of enemy strongholds around Basra," to capture "Dava" township with its paved streets, a public park and cement houses, which had been turned into a military township by the Iraqis.

Mexico's Leftist Parties Try to Form a Unified Opposition

By William Stockton

New York Times Service

MEXICO CITY — Mexico's political left, traditionally divided, is trying to unite into a single party that could present a greater challenge to the governing party.

Five leftist political groups, including the United Socialist Party of Mexico, the country's largest leftist group, have reached an agreement in principle to unite later this year.

As yet, the new party has no name, nor is it clear what its ideology will be. But portions of a document related to the merger, published here this month, said the new party would not establish pacts with international organizations,

an indication that the new group would not be bound to Moscow or Beijing.

A unified leftist party would be expected to take a strong anti-U.S. line, calling for a moratorium on payments on Mexico's foreign debt and a sharp curtailment of programs that would increase Mexican dependence on the United States technically and economically.

The leftist leadership's hope is to field a single candidate in the 1988 presidential election campaign who could provide the strongest possible challenge to the dominant party, the Institutional Revolutionary Party, known as the PRI.

So powerful is the PRI, which has governed without interruption for nearly 60 years, that a united

left will have no chance of actually electing a president. But the left, perceiving an increasing disaffection with the PRI because of the steadily worsening economic situation, has concluded that this is an opportune time to seek a larger role in national political life.

"United we can attract all those people who belong to no party at all, those who recognize our grave national situation but see nowhere to turn," said Pablo Gomez, secretary general of the United Mexican Socialist Party.

The PRI, which has withstood pressure from the well-organized conservative wing of the political spectrum, regards the leftist unification effort with a mixture of disdain and amusement.

"This effort to form a united party will fail eventually because among the leftist leaders there is too much ambition and too little will to compromise ideas," said an official in the Interior Ministry, the government agency that oversees the political activities. "They will soon be in disagreement."

The unification process began a year ago when two parties, the Revolutionary Workers' Party and the Mexican Workers' Party, announced plans to form the Authentic Party of the Mexican Revolution.

The goal, party leaders said then, was to bring together farm and labor groups. The Socialist Revolutionary Party, the Revolutionary Patriotic Party and

the Revolutionary Movement of the People, joined with the first two and signed a pact as a step toward unity. Missing, however, was the United Socialist Party of Mexico, a key group because of its size.

Meetings among the leftist groups continued. Last fall, the United Socialist Party of Mexico, joined in, along with another Marxist group, the Communist Union of the Left.

The appearance of these two Marxist groups was too much for the Mexican Workers' Party, which abruptly dropped out. The Socialist Revolutionary Party also dropped out at about the same time, bringing the number of coalition members back to five.

The Revolutionary Movement of the People, joined with the first two and signed a pact as a step toward unity. Missing, however, was the United Socialist Party of Mexico, a key group because of its size.

Meetings among the leftist groups continued. Last fall, the United Socialist Party of Mexico, joined in, along with another Marxist group, the Communist Union of the Left.

The appearance of these two Marxist groups was too much for the Mexican Workers' Party, which abruptly dropped out. The Socialist Revolutionary Party also dropped out at about the same time, bringing the number of coalition members back to five.

The Revolutionary Movement of the People, joined with the first two and signed a pact as a step toward unity. Missing, however, was the United Socialist Party of Mexico, a key group because of its size.

Meetings among the leftist groups continued. Last fall, the United Socialist Party of Mexico, joined in, along with another Marxist group, the Communist Union of the Left.

The appearance of these two Marxist groups was too much for the Mexican Workers' Party, which abruptly dropped out. The Socialist Revolutionary Party also dropped out at about the same time, bringing the number of coalition members back to five.

ARMS: \$5.6 Million in Illegal Contra Arms Shipments Apparently Made Through Lisbon

(Continued from Page 1)

cio Cerezo and the defense minister, General Jaime Hernandez Mendez, said Guatemala had neither ordered nor received weapons from Portugal and had not served as a cover destination or transshipment point for arms supplies.

Both officials said General Cerezo had not signed the certificates. The defense minister said an investigation would be started to see whether "military officers in previous governments" might have been involved in the shipments.

Most of the certificates supposedly supplied by Guatemala were submitted to the Portuguese government by a company called Energy Resources International, which identified itself as an agent for Guatemala.

Documents filed with Portugal's National Armaments Directorate give Energy Resources' address as 440 Maple Avenue East in Vienna, Virginia, the address used at that

time by a company partly owned by Major General Richard V. Secord, a retired air force officer.

General Secord, according to congressional sources, had a major role in the Iran arms operation and in aiding the Contras during the congressional ban, apparently at the behest of Lieutenant Colonel Oliver L. North, who was dismissed recently from the National Security Council staff.

Energy Resources gave the Guatemalan certificates to a Lisbon weapons dealer, Defex-Portugal. José Garcel, one of three partners in Defex, acknowledged handling the Portuguese end of the purchases, but said that the proper papers certifying the Guatemala destination had been submitted to the Portuguese government.

At least two, and possibly several, of the nine shipments were flown to Central America aboard planes belonging to Southern Air Transport, which has acknow-

ledged a role in private efforts to resupply the Contras. According to flight plans filed with Portuguese air traffic controllers on takeoff, the arms flights were destined for Guatemala.

But Southern Air flight logs later filed with the U.S. Department of Transportation indicate that flights on the dates in question went from Lisbon to Ilopango, in El Salvador. Ilopango, the main base of the Salvadoran air force, has been identified as a major transit point for weapons to the Contras.

The paper trail that outlines the Portugal operation began Dec. 21, 1984, when Defex sent three end-user certificates to the Arms Directorate, as required by Portuguese law for arms exports.

The certificates are in the form of a letter addressed to Trans World Arms Inc. of Montreal, as the Guatemalan purchasing agent. The documents request 3,000 mortar grenades, one million 7.62mm rifle

cartridges and 50,000 unspecified cartridges. The certificates are signed by General Cerezo Rojas, with his name and an official defense ministry seal stamped below.

Guatemala has no diplomatic representation in Portugal with which the documents could have been checked. But Portuguese officials said they had no reason to doubt the veracity of the order, Portugal's first major weapons sale in Central America. They said the

ADVERTISING SECTION

ADVERTISING SECTION

BRITAIN

Britain's venture into privatization of government industries represents the country's most important economic and industrial change in the past four decades. Encompassing key industries — led by the transport, energy, communications and shipbuilding sectors of the economy — it can probably also claim to have generated the most international interest in Britain over the same period. In a way, it has served to pioneer similar privatization plans in Europe and other parts of the world.

The main voiced objectives of the government's privatization policy are that it will achieve greater business efficiency, stimulate wider share ownership, increase competitiveness and, by so doing, allow the powers of the free market to achieve more than they could under state control.

The government argument is largely based on the fact that most of the important industries of the country failed as state-run corporations, were prey to political and bureaucratic involvement, and that government needs, under such a system, often had to be overlooked. Borrowing was underwritten by the government, was indistinguishable in market terms from other forms of public sector borrowing and, as a result, the needs of individual state industries, on occasion, had to be subordinated to macroeconomic requirements. While claims for greater expenditure may have been justifiable in commercial terms, they nevertheless had to be viewed against the totality of public expenditure. The constraints stemmed from the paramount need to preserve public accountability through Parliament for the use of public money.

On a broader horizon, the sale of state-run corporations has generated a massive flow of cash for the government which, in the short term, will undoubtedly solve more than a few economic ills. What happens in the long term will depend on its reinvestment skills. Obviously, on an economic, political and ideological footing, the privatization process has gathered more than a few critics, although its industrial success appears recently to have considerably held back the flood of rhetoric.

Privatization, however, still remains the main point of contention for the opposition Labor Party and, while it should be argued that only history will be able to gauge the program's long-term economic advantages or shortcomings, its all-round implications for the future do remain a major topic for debate.



Left: John Butcher. Above: The Liffé building.

The government's strongest card at this point is, undoubtedly, the record profit most of the companies have chalked up since privatization. John Butcher, the parliamentary Undersecretary of State for Industry, holds an impressive list and points out that this is just the beginning. "Privatization has revitalized some of our most important industries, has brought about the very changes that British industry has long needed — less state interference, more efficiency, better service to customers, increased incentives for management and employees," he said. "And the boost it has given to wider share ownership has helped create a more positive

attitude among the public at large to the future of British industry. It has created a new awareness at home and abroad."

The industrial success of the program, he says, can be measured in the sudden surge of profits from the newly privatized companies, many of which were floundering under state ownership and, very definitely, had lost their place in competitive world markets.

"The figures speak for themselves," he said. "The National Freight Consortium's pre-tax profits are up 70 percent for '85 and up six times since its 1982 privatization. Cable and Wireless has registered pre-tax profits up four-fold since its 1981 privatization. Amersham's pre-tax profit had doubled since it went to the private sector in 1982. Jaguar has come from near-bankruptcy and extinction to lead the country's automobile exports since its privatization in 1984. Its pre-tax profits were up 33 percent in 1985 compared to '84, with output at record levels and the provision of 1,500 new jobs. And British Aerospace has tripled its pre-tax profits since privatization in 1981."

Butcher believes that an important ingredient in the success of the privatization process has been the commitment of employees and the public to become involved in the country's own industry. "It has served to change the national culture," he said. "Individuals now no longer see share ownership as something for the rich. 'It is something they can all become involved in. And when it means owning a part of their own company, then obviously it

brings a change of attitude. It is removing the old distinctions between owners and workers. I believe it has made management and workers together more dedicated to the task of succeeding. And I believe that together they have already shown that this process works."

Employee interest in owning shares in their own companies has, feels Butcher, already served as a statement of their own commitment to the future of British industry.

"Over 430,000 employees have acquired shares in the firms they work in," says Butcher. "That represents over 87 percent of employees in privatized companies. When the National Freight Consortium was sold, 11,000 employees and their families bought 83 percent of the equity. A further 7,000 employees have bought shares since. And when British Telecom came on the market, 96 percent of its employees applied for shares."

Thirteen major companies have been privatized up to now but the government has plans to transfer around another four to the private sector, depending on market conditions, before the end of this Parliament. Those already privatized are British Aerospace, Cable and Wireless, Amersham International, the National Freight Consortium, Britoil, Associated British Ports, International Aeradio, Enterprise Oil, Sealink, Jaguar, Inmos, British Telecom and British Gas. In the same privatization period, all six of Britain's warship yards were also sold, four of them in management buyouts, and six subsidiaries of the National Bus Company were sold, five in management buyouts. The four remaining state companies up for transfer are: British Airways, National Bus, British Airports Authority and Rolls Royce.

By the end of 1987, after the BA, BAA and Rolls Royce sales, almost half of what comprised the state commercial sector in 1979 will have been sold to the private sector.

While there have been worries that privatization preempts funds for the private sector, Butcher feels they are unfounded. "The timing of sales is carefully planned," he says, "and the capacity of the market has been extended by new investors attracted by the very success of privatization. Market capacity as a result is very considerable — over £8 billion was raised by U.K. companies on the Stock Exchange up to December 1986."

Overseas interest in the privatization program continues to grow and is, in fact, providing room for a new export — privatization know-how for many British institutions who have been involved in the British process. Two British banks are now involved in the first French privatization project of Saint-Gobain, the giant glass and building materials company. Several institutions have also been approached for other French privatization projects, and others in Europe and other parts of the world.

Where will it all lead? "In Britain, I'd like it to lead to much wider share ownership," said Butcher. "After all, 60 percent of our people now own their own homes and that's one of the highest ratios in the world. I think it would be magnificent if we could get 60 percent to own shares in industry and more people joining those who already have taken a real share in the nation's assets."

Which merchant bank offers most to the world's public sector?

Why has Schroders been involved in more privatisations than any other merchant bank?

Is it because we offer the depth of resources and breadth of expertise necessary to manage the most intricate and complex transactions?

Is it because our global network has led to our services being successfully deployed on major assignments in Europe, America, Asia and Australasia?

Whatever the reasons, governments and state industries around the world have benefited from our services because, through extensive experience, we have built up a detailed understanding of their special requirements.

If you require help with regard to privatisation, the commercialisation of state industries or the provision of private finance for public services, then please contact Gerry Grimstone or Nicolas Lethbridge at 120 Cheapside, London EC2V 6DS. Telephone: 01-382 6000. Telex: 885029.



Schroders

Keen Foresight Marks a Forerunner

In late 1983, when the British Government began planning for the privatization of British Telecom, European investors had little interest in buying U.K. shares. In fact, the track record was so insignificant that the financial houses were hardly about to be inspired by Britain's venture into privatization or the vague interest of European investors. And when the Chief Executive of the Swiss Bank Corporation International Ltd. in London came forward with an offer to handle a European share tranche, no one took him too seriously. The British Government obviously felt it worth a try but, rather cautiously, decided that Europe, in this case, would mean Switzerland only. The Europeans after all, had hardly fallen over themselves to play U.K. stock markets up to then and trying several European countries at the same time was not considered feasible.

The Swiss Bank Corporation had a different view. They felt that the privatization process in Britain would generate a new European interest and held immense potential. Such foresight paid off. The bank which had been a lone runner at the start, handled the Swiss share offers for British Telecom, Britoil and British Gas. It has also won the advisor's role for Banque Paribas. It is no longer a lone bidder for European offerings, having proven the market with the Telecom exercise, and has since had to join a long line-up of institutions in what is known in-house as "the beauty parade" to bid for the European tranche offerings. It has, however, turned its expertise to good use.

"The involvement has helped us enormously," explained Julian P. Summer, the bank's executive director. "We are one of the leading houses of the fast growing equities market and our involvement with the British government has helped build on our name. We've handled three successful European tranches and we have one more to handle. I don't doubt that the expertise we gained in Britain helped us to win the role of advisors to the French government for the floating of Banque Paribas and it is leading to further business in the private sector." By establishing such a track record of successes, the Swiss Bank Corporation now hopes to become involved in many other countries' privatization processes. Summer, in fact, envisions a massive boom in European trading as a result of Britain's privatization programs which, he said, are already spearheading similar plans in many other countries.

According to Summer, the French appear to have the most active privatization program lined up, led by the massive Saint Gobain Corporation and Banque Paribas. There are also signs of increased activity in Germany, Holland and Austria. But the one market that could develop in the future is Italy which, Summer pointed out, "has enormous Government holdings going into almost every imaginable area."

While overseas share offerings in British corporations have met with some opposition, Summer believed that the

Government's tightly controlled program, generally not allowing more than 15-20 percent to go to overseas investors, has, in fact, worked in favor of British business.

"There are many clear advantages to be gained from having overseas shareholders," he said. "It generates a lot of interest for the companies involved in world markets, and encourages greater investment. And one of the obvious advantages of having overseas tranches is to generate a better price."

He listed as an example, the Britoil experience. After a disastrous first issue, Britoil rather nervously reviewed the next offer. But noises of the softening of oil prices, and positive interest from Europe and Canada encouraged many to take another look.

"I think the only time overseas offering could be really unpopular," said Summer, "would be if the man on the street in Britain couldn't buy them. But that's not possible with the British Government regulations. They have what is called a 'claw-back' stipulation which means that if retail investors apply over a certain number, then some of the shares can be taken back." This happened with the bank's initial allowance of 175 million British Gas shares worth £230 million. Under the claw-back clause, the bank was finally left with 102 million shares worth £137 million.

"It could be argued," said Summer, "that, as the deal got closer, British Gas could well have done without us. But, initially, the size of the £6 billion offering was unthinkable large. It ended up being twice over-subscribed but, a year previously, it had seemed a mammoth size."

An additional government benefit of having someone like the Swiss Bank Corporation, around, continued Summer, lies in using the bank's relatively low commission structure to lever lower prices from U.K. institutions involved. "The government use us to bash the institutions in Britain," said Summer. "If they are asking for a yield of ten percent, for example, then the government can argue that the European offering is only costing six percent."

Summer explained that while his bank has kept its commission demands relatively low, it has achieved a great deal of benefits from being involved.

How does Summer see European interest growing in British shares from now on? "Well," he said, "British Telecom really turned the tables. There was suddenly an enormous European interest in British shares. And Telecom served as a successful promotional tool. People who invested in Telecom doubled their money instantly. Since then, I think the privatization programs have served to continuously awaken peoples attention. And that has definitely meant an increase in European investing in Britain."

This supplement is the first in a series of Special Business Expansion advertising sections, written and created by Anna Francis and Dominique Sord.

Schroder: A Hands-On Approach

Getting involved in privatization means getting involved in the operations of the companies themselves. For a merchant bank like Schroder, that has meant a variety of experiences: from sending in teams of financial experts to learn the ins and outs of running ports and transportation networks, to studying the latest advances in modern communications.

Derek Netherton, the director of J. Henry Schroder Wagg Ltd. in London said, "It has been necessary for everyone working on privatization projects to fully understand the company and its all-around operations. When we became involved with the Association of British Ports, for example, we had to send in teams who, at first, had little idea of how a port actually worked. So, they had to stay and study the entire operation and ensure a thorough knowledge of each port facility. Schroder eventually must write the prospectus, and that becomes the selling document, so a comprehensive study has to be made."

Schroder was, in fact, one of the city's first financial institutions to become involved in Britain's privatization lineup. In the early days of Prime Minister Margaret Thatcher's government, they were called in to advise the National Freight Corporation on its preparations for privatization.

"It was a difficult time for the company," said Netherton. "They held less than a ten percent share of the fragmented market. Their main competitors were the small hauliers. They had been forced to reduce their work force on the parcels side due to the changing ways of parcel transportation. And the British Rail contract they

had was not at all profitable for either side. Their strength, however, lay in the delivery side of their business. They had tried to differentiate themselves from other delivery transporters by ensuring return loads. So, if they were delivering something from point A to point B, they would aim to get a load from point B back to point A. And they had moved into the fashion business with companies like Marks and Spencer, and into cold storage with distribution to and from depots. They were diversifying into areas where service was important. When you studied the overall picture, they had a lot of opportunity."

Schroder's task was to examine the different ways in which the company might go about privatization. The government was eager to see the company given a chance within the private sector, and finally a mutual decision was reached with the company for a management-led buyout and a consortium was formed.

"It was a politically attractive project for the government, which was quite avid about making progress in privatization," said Netherton. "It was an early runner in the wider share ownership program and the company was fortunate in that its employees regarded the company as their own and were prepared to take the risk of investing in it. It was, and still is, an encouraging example of privatization."

Schroder, however, had to wade through many difficulties to set the stage for the final buyout. First, the company had a £50-million debt problem; therefore it could not use its land assets as collateral because, technically, the creditors would move in if something went

wrong. The rule was finally changed and the banks involved were able to acquire better security on these assets. Then there was a problem on the pension fund side. The fund represented two to three times the value of the company, although usually it should be only about half the worth. The government stepped in to fund the deficiency.

After the NPC experience, Schroder became involved in the far more complex attempt to privatize the Association of British Ports.

"It was the ugly duckling turning into a swan story," said Netherton. "Schroder was called in rather late in the day to advise the government. So we sent off teams to different ports to examine the situation. The work force was shrinking — it was the time of casual labor at the docks and strong management. The dock labor scheme stipulated that all docks were guaranteed work. And they were moving into containerization, which served to decrease the number of employees required."

"When we were called in, the government had decided to sell off only 51 percent of ABP, due to sensitivity within the workforce. We had to try and make the deal attractive to investors. So we had to fully comprehend every aspect of activity. Docks, to non-insiders, usually mean trouble — unions and strikes. We decided that the yield on the shares should be about 10 percent. It was capitalized at \$45 million, so it was small. The record did not look very good, so ABP required an excellent description and the employees needed to be ameliorated with free and preferred shares."

On the day before flotation, the merchant bank involved with ABP signed documents for the government guaranteeing that it would take all unsold shares in the event that the public did not subscribe.

"Schroder, because it joined late in the day, had no time to do this," said Netherton. "But we obviously were concerned for its overall success. A press conference was called and the press could well have concentrated on all the negative points, like the unions and strikes and the low profits, or they could have gone the other way and talked about the potential of the property. But the press was very positive on the issue. And the ABP offering ended up being 33 times oversubscribed, so it worked out just fine."

The government still held 49 percent of the shares, so when the second tranche came up for offering, it was decided to try and offer shares by tender. "There were worries that it would not work," says Netherton, "but they got a much better price of £2.75 per share. It was a nervous time, though, because the market had turned against us, so the £2.75-a-share achievement was rewarding. And the financial press acknowledged that we had obtained a better price, so it was considered a successful tender."

One of Schroder's most challenging involvements with modern technology in the British privatization lineup came with the second tender of Cable and Wireless, the little-known but giant British communications company. "Cable and Wireless is the 14th-largest company in the country," said Netherton, "but it was not well-known to the

public. In fact it was a very modern company and its technology was, in many ways, superior to that of British Telecom. It needed value for money advertising. It was going for a less-wide audience than British Telecom and did not want a repeat of over-subscription like the first share offering. It also wanted to raise its profile in Japan and Canada. It saw the Far East, for example, as a major potential for growth."

Schroder came up with a novel structure for the £900-million Cable and Wireless offering. "We had to ensure that there were enough shares available for the public but, on the other hand, had to consider what would happen if the public did not go for the offering," said Netherton. "We had to figure out a balance. So we decided to sell some to the institutions first so we would be left with only a balance. If the institutions were already participating, then that showed a factor of confidence. Then we came up with an unusual structure where about 60 percent of the £900 million had to actually sell. But, within this 60 percent, some 30 percent were bought by present shareholders so, in reality, there was only 30 percent left for Cable and Wireless to hard-sell to the market."

For Schroder, such involvement has only added to its active profile in the British economy. In 1985, the London division of the company posted record profits and participated in 22 public takeovers and bids concluded during the year.

As a result of its successful involvement with privatization, Schroder is now advising overseas companies and governments on similar ventures.

Telecom's New Commercial Approach

Five years ago, 250,000 people in Britain were on a British Telecom (BT) waiting list for telephone installations. Those with a line had to rent their telephone apparatus from the company, and frequently had complaints on the service. That represented a captive clientele for Britain's sole telecommunications company.

Today, the waiting list has been removed, customers can now choose and buy their own apparatus from a large selection on the market or rent it if they prefer, and the complaints are quickly declining.

While British Telecom's recent improvements cannot all claim to have come about as a result of privatization — many changes were already in the early stages of implementation before the shares were floated — the new company structure and the more innovative approach to management have allowed for broad-based expansion.

William P. Kember, British Telecom's Corporate Financial Controller, believes that privatization's most important impact on the company has been to change the whole "culture" of the communication giant's internal management structure.

"It has enabled us, in the first place, to make more of our decisions on commercial instead of political grounds," he said.

Kember pointed out that British Telecom itself is a part of one of the fastest and most competitive growth industries of this age and, as such, required a thoroughly commercial approach to business.

The new, commercially oriented Telecom operation hopes to remain an active competitor in the world marketplace while providing more comprehensive business and consumer services back home.

According to Kember, BT already can claim to "run the best international telephone service in the world" basing his claim on, among other

things, the fact that the company is internationally reputed to have the most comprehensive range of self-dial services available through its national network. In fact, Britain offers direct-dial links now to 173 countries — with Chinese links to Peking, Shanghai and Guangzhou becoming the 173rd last Dec. 1. BT also has the second largest share in In-land, the telecommunications satellite which has the U.S. as the biggest contributor, with France third behind Britain.

While BT has branched out into many different communications areas, particularly those relating to business, it has had to follow one constant major objective since privatization to keep prices down for the home consumer.

"During the period of high inflation countries like the U.S. and U.K. faced political pressure to increase their prices," said Kember. "They were really out of balance but, in the past two to three years they have been at the correct level, nearer to the actual cost. And there is a balance maintained."

The company has 1.5 million shareholders, including 95% of BT staff who bought into the company when it was turned over to the private sector in 1984. BT has found it very necessary to live up to their expectations.

This has not proven too difficult to achieve. BT has expanded on its digital services, installed sophisticated equipment in 6,000 telephone exchanges around the country as part of an ongoing modernization plan, instituted a chain of Telecom shops selling a wide variety of apparatus, and has built up a directory of business services to suit the needs of modern day commerce, finance and industry.

"Liberalization has allowed us to be more innovative and to increase our business activities," said Kember. "We've had tremendous business, for

example, with Cellnet, the mobile phone system, with Prestel, the on-line system, and the electronic mail box. And the freedom has allowed us to become active in cable TV and invest in half a dozen franchises. We have also moved into the acquisitions area. Since privatization, we bought the Canadian company Mircel which manufactures PABX equipment, International Air Radio which is into air traffic control and air support communications, and Datalcom in the United States which is the electronic mail system."

One of the most successful innovations, already attracting world attention, has been the City Business System, a touch screen dealing board for the financial community. Launched in 1982, the CBS was the first system of its kind in the world. It features a television screen which doubles as a data display and touch keyboard. Its terminal can be used by dealers for accessing company information and for sending and receiving telexes.

"CBS has been very successful on the world market," said Kember. "We now have more than 5,000 screens in operation and one new system a week is being installed."

Up to now, the CBS has sold well in Hong Kong, Australia and the United States. Since last October, a Japanese version, specially developed for that market with Kanji characters for the visual display screen, has been distributed by Mitsui throughout Japan.

"The CBS success led us to develop similar systems for non-financial operations," added Kember.

Such innovations have all been good for British Telecom's international image and for the management. As Kember said: "British Telecom is definitely living in a more exciting time. A lot of commercial drive has been set free, and we have become very newsworthy as a result."

Kleinwort Benson

has acted as an adviser in the following privatisations

Saint - Gobain	December 1986
British Gas	November 1986
Cable & Wireless	December 1985
British Aerospace	May 1985
British Telecom	November 1984
Enterprise Oil	June 1984
Cable & Wireless	November 1983
Associated British Ports	February 1983
Cable & Wireless	November 1981
British Aerospace	February 1981

The total value of these offerings was more than
£12,500,000,000

20 Fenchurch Street, London EC3P 3DB
 Telephone: 01-623 8000 Telex: 888531

Newcastle to New York, or Madrid to Miami? Move with Pickfords.

Pickfords World Wide Moving team offer a reliable international household goods moving service through our own companies and agents across the world. Specialists in packing, shipping and customs clearance, we take care to provide a personal service, whatever the distance, from London to Luxembourg or from Surrey to Singapore. Over half our employees are shareholders, and so we show more than a passing interest in our customers' needs. We have over 130 branches in the UK, including Jersey and Guernsey plus 33 around the world. In particular we offer a fast and efficient North Atlantic service linking with the leading US and Canadian movers.

Pickfords
 A WORLD OF EXPERIENCE

Head Office: 492 Great Cambridge Road, Enfield, Middlesex EN1 3SA. Tel: 01-367 0045

See your local Yellow Pages for anywhere in the UK, Australia, New Zealand, Hong Kong, Singapore, Malaysia, Spain, Netherlands and Germany.
 Pickfords is a member of the employee owned National Freight Consortium plc.

ADVERTISING SECTION

Amersham Makes a Smooth Changeover

One of Britain's most interesting companies to bid for privatization was undoubtedly Amersham, the radioactive isotope supplier which, so to speak, got into the business by accident in the first place.

Its debut in the field of producing and researching radioactive substances came after consignment of radium ore for luminous paint from the Belgian Congo destined for Germany was intercepted just a year after the declaration of World War II.

At that time, England did not have any radium but certainly had found use for some. So the government commissioned the company Thorium to refine the substance so it could be used for diverse applications such as luminous paint. Thorium passed on the task to one of its scientists to find a lab equipped for such a task. The search was fruitless until one night, while consulting himself in a good old English pub in Amersham, the scientist was informed that a good piece of real estate with a house was up for sale right next door. He bought the house, set-up laboratories and the rest is history, including the Amersham staff who, after 46 years, still pay their visit to the famous pub, the White Lion.

A few years after the end of the war, great progress was made in the field of man-made radioactive products. In 1954, this whole development area became part of the U.K. Atomic Energy Authority and continued what was termed in those days its "peculiar operations." By 1958, it had asked the government to be responsible for manufacturing and marketing all products derived from radioisotopes. By 1964, it had become a self-accounting business operation.

With such an individualistic and strong business perception, it is no wonder that Amersham progressed so well, so quickly. As Burgess, the Chief Executive of Amersham points out: "Amersham has had a consist-

ent theme which has been that regardless of ownership, the operation was always run as a commercial enterprise. So actually, privatization made no difference for us, as it did for a company like British Gas who were never run as a commercial venture."

The privatization wave hit Amersham in 1971 when a bill was issued authorizing the government to sell up to 49% of the company. The government, however, wanted to sell off the whole operation, so an Act of Parliament was required. The Act was announced in 1979 and when privatization occurred in February 1982, £71 million of shares pulled in £1.75 billion worth of applications. The first day trading generated £20 million, a blow to the government who had just previously overpriced the British tender, and had now priced Amersham far too low.

From the employees' point of view, Burgess recalled, privatization was initially received as a potential threat to their stable and secure jobs. "The company was successful," he says, "and they were getting good benefits, so they wondered what privatization had in store for them. At that time there had been only two privatizations and Amersham was the third."

Out of the endless discussions between Amersham and the government, emerged the creation of what is now referred to the Golden Share. "While working out a deal for us," said Burgess, "the government was also preparing for the privatization of British Telecom. During one of our conversations, the topic came up of how they could keep some sort of control over the company, which was a must considering it was such an important resource of energy. So we all came up with the concept of the Golden Share and it was decided that it would be applied to Amersham also. The Golden Share as applied to many of the privatized companies, is an all-powerful government share in a very restricted

sense, which protects the articles of the company. It holds no values or dividends, but it can stipulate, for example, that no one shall own more than 15% of the shares. Burgess explained that the government has "powerful weapons to fight this if they suspect someone. They can require him to sell down to 15% and have no voting rights until then."

Dr. Burgess, a young 57 year old, joined Amersham in 1953 as a research chemist directly from University College, London and soon went into the production side. By 1960 he had switched to marketing and was running Amersham's U.S. company. "Amersham was always considered the oddball as far as



Dr. Burgess

the government was concerned," said Burgess. "We were small and yet commercial, so we were always allowed to get on with the job. As long as the business was successful, there was a hands-off policy."

Although Amersham is known for its radioactive products, in the past few years its business has been shifting into non-radioactive products. "We've gone through a few stages since the late forties," commented Burgess. "At first we dealt with natural radioactivity but then we were obviously limited by the supply of such substances. And as the products became more sophisticated we had to find an alternative route. Man-made radioactive substances are created through a nuclear reactor and we use two which operate by

turn on a three-week period."

But although radioactive products have been the lifeblood of Amersham, their skills are evolving one step ahead of the clients' demands. "We are getting more and more into the chemistry side to research and meeting the specialized needs of the customers regardless of whether or not they are radioactive," said Burgess. "We make, for example, diagnostic products which we call 'chemistry set with a recipe.' This involves taking a blood sample and doing a test according to the instructions of our recipe. We'll provide the tube with a substance and by following the instructions you can tell if the patient has cancer, is pregnant, or has a problem with the thyroid function."

Previously, nothing as sensitive as radioactivity existed, but Amersham has now come up with a unique technique that is even better. This consists of measuring with light, using signals instead of radioactivity. The advantage is that there is absolutely no radioactive use and the signals can automate the process. It is also more cost effective, quicker, and efficient.

Burgess is the first to recognize that the market is moving towards non-radioactive alternatives. "Amersham reacts to clients' needs," he said, "so we have introduced a new sector of non-radioactivity."

For the past five years, Amersham has experienced a 20% growth rate and is continuously diversifying. In 1986, out of the 120 new products added to its range, three quarters were non-radioactive.

Most of its exports are in Europe, representing half the export figure, with a quarter going to North America, and some in Japan. Amersham holds a strong position in North America with a 15% growth each year representing a 20% return. "We are successful," concludes Burgess, "because our products are first rate."

Kleinwort Handles Big Privatization Moves

How does a merchant bank that owns part of the gold ring, has ship brokerage and substantial banking interests, operates a management advisory service, is involved in capital marketing, corporate finance, in futures and Eurobonds and Eurobonds and has just acquired a stockbroker, find the time to become heavily involved in Britain's privatization process?

Ask Kleinwort. It acted as advisor for British Aerospace, Cable and Wireless, the Association of British Ports and advised the British Government on Enterprise Oil, British Telecom and British Gas. In several of the early privatizations, in fact, it was playing a dual role in advising both the government and the company.

Kleinwort's success can obviously be put to good management. Its success at privatization comes from the same spirit of drive and initiative and, for Kleinwort in London, long hours put into achieving such goals. David Clementi, Director, explained: "Privatization is really not much different from corporate financing except for the marketing of the Government shares."

If that sounds simple, it really isn't. A merchant bank, like Kleinwort, generally is the first appointee for a privatization candidate. It will be expected to assume the role of coordination. The government will then appoint lawyers and then stockbrokers to advise and handle the institutional marketing of stocks. Highly qualified research teams will be brought in before the government moves on to appoint a public relations company who will handle the

presentation to investors and the general public through the media and also take care of the physical design of the prospectus. A printer has to be chosen who can guarantee a no-flaw service for the abundance of literature required. In such appointments, Kleinwort has to advise the government on what to ask for and what to expect. They also have had to ensure that a good team was put together from the start.

Kleinwort was, so to speak, fished into the deep end from the start of their association with privatization: the first project they tackled was British Aerospace, which represented a mammoth £150 million issue. After British Telecom and British Gas, that figure today, seems small, but back at the time it was considered huge.

"With British Aerospace, we were really feeling the way," said Clementi. "We were acting for both the government and the company and setting the pattern of operation that we would follow in the future. There were the obvious questions: how do you present such a company? How do you gauge how many people will apply? We learned a lot from our involvement with British Aerospace and we have built up a great deal of experience since then."

Clementi said that the most difficult aspect of handling a privatization is the actual logistics of the whole operation. British Aerospace, for example, represented over 30,000 applications but British Telecom brought in over 2 million. The details of handling the printing, distribution and follow-up

for these applications, plus the production, printing and distribution of millions of prospectuses — there were seven million for BT, which had to be available at several thousand locations — create quite a mammoth task. And, as Clementi points out, "There is absolutely no room for error or delay. Nothing must go wrong."

In its advisory role to the government, Kleinwort draws from its own pool of expertise to study and evaluate a four-point structure leading up to the actual privatization process. It will deal with valuation, the capital structure, the proposed regulatory structure and the marketing procedures.

"In the valuation process, we examine the conceptual issues and the practical aspects," explained Clementi. "It's a process where we will be putting a money value on the sale price of the company."

On the capital structure side, decisions have to be made on how much debt or equity exist if a debt should be restructured, if preferential shares should be offered and the form the structure itself should take.

While Kleinwort is not actually involved in drawing up the regulatory structure generally the government outlines this it is expected to study the outline and to evaluate the impact that it will have. The marketing and structure of the offer will decide how many shares are going to be offered and whether or not the whole company should be sold at once or in a series of tranches.

"If it sold off in tranches," explained Clementi, "the government can re-evaluate the val-

ue at each stage and maybe make more money that way. For example, British Telecom sold 51% in one offering and the rest will be sold off in 1988."

Selling in tranches, however, provides many more complexities. "It requires a great deal of study," said Clementi. "There are several problems to consider. Sometimes investors (in tranche offerings) tend to mark down the price because of the uncertainty. Then there are the Treasury's views on the subject. If the government stake remains greater than 50%, then it can be said that privatization is getting out of the public sector — if the government owns more than half, then the company is not really privatized. And, when the government does keep more than half, then the transitional stage is complex. For example, if the public holds 25%, then the government is not a passive shareholder so it would have the freedom to make political decision with its majority of shares."

But sorting out such problems, between all its other activities, has now become a regular task for the Kleinwort privatization team. It has led to Kleinwort advising the Malaysian government on the possible privatization of its telecommunications and ports sector, advising Saint-Gobain on its recent share issue and discussing other privatization schemes in the U.S., Canada, Scandinavia, the Netherlands, France, Italy and Spain.

As Clementi concluded, "Our involvement in Britain's privatization has provided us with considerable expertise."

NFC Emerges a Winner

Fact couldn't have played a better hand at sorting out the ownership of the National Freight Consortium.

On the eve of flotation, one of the company's largest contracts with British Rail Express Parcels was suddenly cancelled, meaning a loss of £25 million worth of business. It appeared the government's only solution would be to sell the company off to the highest bidder.

However, according to NFC chairman Sir Peter Thomson, "The thought of selling off NFC to the highest bidder really worried the management. We were asset-rich and had acres and acres of unused properties, old warehouse sites, that had good real estate value. We didn't want to see it all go. The only solution was to buy the company from the government ourselves. So, we went to the government and asked how it would feel about us trying to organize a management led buyout."

"To succeed, the management had to raise six million pounds. With that kind of money involved, it needed to fire enthusiasm among the entire staff of the fifty companies tied up in the consortium. It also needed to go the rounds with lawyers and banks."

"We found a consortium of banks prepared to put up most of the money for a small amount of shares," said Muriel Craddock, public relations officer, "but it stipulated that the directors of the company must also make personal investments as proof that they would make it work."

The chairman put up £40,000 and then about 100 top-senior management staff were asked if they would consider putting forward £10,000 each to back the bid. All liked the idea, so the next step was to go around the country and talk to the 2,500 managers.

"We put together a roadshow on the scheme," said Craddock. "It travelled around for two weeks and was a resounding success." With the management behind them, the company now had to convince the employees to take a similar position.

"The Chairman is a man with a vision," continued Craddock, "so we wanted him up front, but there were 700 locations to be covered and he couldn't do them all."

"We made a video with an accompanying text for distribu-



NFC transports delicate office equipment.

tion. Then, one Sunday, special telephone lines were installed and the directors manned them to answer any questions that the staff had. Everyone was being offered a £200 interest-free loan to buy their shares and, because we really did not know what kind of feedback we would get from the staff, the same applied to pensioners and their families. We needed to raise £6 million so it was huge communications problem."

The interest, however, eventually led to the company being oversubscribed and it now has 23,000 shareholders in the U.K.

"It wasn't easy going," explained Craddock. "We had to present the prospectus to all the workers from the drivers on through the fitters and the secretaries."

The verbal tonnage, and the managerial effort paid off and in February 1982, a check enabling the management-led buyout was handed over to the Secretary of State for Transport.

Since then, the company has never looked back. "When privatization came," explained Sir Peter Thomson, "we took a new look at the company. There were plans to be made, like how much should we reinvest into it, what kind of diversification should we go into. Above all, we wanted to watch costs and increase the dividend. You can't really quantify what privatization meant but it did make us more aware of our image. And it ended the constraints we had faced in the government sector. Before the change, we had been limited on money and had horrendous interest to pay the government. And there was a narrow, blinkered view of what we were allowed to do."

On the top of the list of the new company strategy was a decision to invest overseas in

the related service sector. Their first foreign acquisition was a company in Australia which had been suffering financial losses but has since been turned around into a profitable business. Others followed and with each acquisition, overseas employees of the new company and those back at NFC are offered shares. When it began to tap the U.S. market, and bought its first U.S. company in 1984, for example, over 70 percent of the U.S. employees purchased shares.

"Our long term strategy is to increase our overseas activities," explained Sir Peter. "By 1990, we expect that about 25% of our profits will come from abroad. We are a service industry and we want to ensure that we rid ourselves of business risks and become less dependent on the British economy. The solution to that is to buy abroad, but the companies must have the right criteria, and must be synergistic with our companies in management and areas of business."

The strategy seems to be paying off. Since privatization, NFC has been able to invest £100 million a year into the business which more than doubles the government maximum reinvestment of £45 million a year.

Diversification and expansion of existing areas of business have gone hand in hand. It has, for example, spread its former British removals network overseas to the U.S., Australia, New Zealand, Hong Kong, Singapore and Spain. It is planning to move into a full international network that would pack up all types of objects in Britain, transport and unpack them overseas. "We're really into any type of movement of goods by road or people by air" said Sir Peter.

While the general public is inclined to think of NFC as a transportation company, it does have other interests. It is currently Britain's second largest retail travel operator with 300 shops around the country and it also recently bought the business division of Luna Poly which runs hotels and conference centers. It has even gotten into car auctions as an offshoot business to its car transportation activities. And it owns Freight Computer Services which provides software to companies at home and abroad. But an unexpected area of business has emerged in property development.

"After the NFC buyout," explained Sir Peter, "the company used some of its own real estate to help in the operating profits. The company had a lot of land with old, unused warehouses. Some were sold off and the others revamped. It created a better working environment. But, having moved into the property business, we thought that we might as well develop a property portfolio. Now, we are Britain's second largest developers of nonfood retail warehousing." If the management have one aim today, it is to keep growing on its own money. The Chairman added that there may also come a time when the company decides to float its shares.

Meanwhile, the 25,000 employees of NFC are sharing in the consortium's new found fortunes. Sir Peter concluded, "We have a family feeling, a group commitment. We all know about each other and work toward the same goal. Instead of us being the bosses these days, we find that the workers are ours. It's an unusual partnership that works. And we are growing faster than any other competitor. Maybe we just had that touch of magic."

LEADERSHIP IN EQUITIES

GOVERNMENT MANDATES

BRITISH GAS plc
European Offering of

101,728,050 Ordinary Shares of 25p each

Offer Price: 135p per Share

BRITOL plc
European Offering of

24,000,000 Ordinary Shares of 10p each

Offer Price: 165p per Share

British TELECOM
British Telecommunications plc

90,000,000 Ordinary Shares of 25p each

Price 130p per Ordinary Share

...and we are pleased to be advisers to the French and British Governments on two further privatisations.



Swiss Bank Corporation International Limited

Herald Tribune

Published With The New York Times and The Washington Post

Iran, Iraq and America

The fierce struggle of fighting in the six-year-old war between Iran and Iraq has caught U.S. policy in a dilemma. The practical and principled position of neutrality, discouraging arms sales to either side, has been wrecked by news of the White House's covert policy, trading arms for hostages and supplying intelligence to both sides.

The policy of neutrality recognized that the United States could not much influence events in the region. It also pivoted on the sad truth that the Iranian regime would have to bleed itself through war before diplomacy could prove feasible.

Significant quantities of Israeli and U.S. arms have been sold to Iran with apparently no thought of consequences, like a possible Iranian victory. The meddling has made Washington complicit in a remarkably bloody war, inviting the enmity of both sides. How did such misjudgments arise?

The regime of Ruhollah Khomeini is a police state, a medieval theocracy and a sponsor of terrorism. But because in Western eyes the ayatollah belongs so firmly to the past, Washington has persistently misunderstood his present role and the energies he taps in reconstructing Iranian society. The Carter administration failed to see how the ayatollahs could subvert the state's well equipped army. The Reagan administration is constantly surprised at Iran's resilience on the battlefield.

The Iranians are believed to be so "desperate" for weapons, John Pendergast told President Reagan a year ago, that the provision would be able "to coercively influence near-term events." Aside from the fantastic misreading of Tehran politics, the Iranians were far from desperate; the next month they captured the oil terminal of Faw. As

the current offensive has re-emphasized, Iran can win but not lose, Iraq can lose but not win. In stretching and probing Iraqi defenses, Iran may in this or a future campaign strike the decisive weak point.

Failure to understand the persistence of the ayatollah's Iran made the White House vulnerable to manipulation by self-serving arms merchants. But the ayatollah, the first Iranian ruler in centuries to defy foreign powers rather than accommodate them, turned out to be doing the manipulating.

Despite the White House's best efforts, the U.S. position in the Gulf war is not a total disaster. Iraq still welcomes U.S. help, and Iran may recognize the need for a counterweight to its predatory neighbor in the north. Iranian politicians refer less often to America as a Great Satan, although perhaps only in puzzlement at finding such extreme nativists in place of devilish duplicitous. What should the White House do now?

Most important, recognize the merit of inaction. Iran's internal politics cannot be easily manipulated, nor Iraq readily helped. Washington needs to stop meddling and practice the neutrality it preached.

Second, prepare for the possibility of an Iranian victory, even the establishment of another fundamentalist Shiite state in Iraq. Should that be tolerated, or prevented at all cost? If the latter, how?

Finally, search out diplomatic opportunities, like a deal at the United Nations to ensure Iraq for starting the war, in return for an Iranian cease-fire. That probably would not deflect the Iranians from their demand that Saddam Hussein go, but it might reinject a diplomatic resolution to a dangerous, destructive, endless war.

—THE NEW YORK TIMES

What Is the SDI Policy?

In Geneva, American and Soviet negotiators are trying to work out a strategic arms control agreement, but the battle that counts is being waged back in Washington. It is the infighting over the terms on which to deploy President Reagan's Strategic Defense Initiative for a space-based defense against missile attack.

At the Reykjavik summit the president offered to forgo SDI deployment for 10 years, other issues being settled. This troubled some arms controllers who felt that he was still making unreasonably broad demands for interim research. Their misgivings were as nothing, however, to the deep dismay of those on the other side of the argument who felt that by agreeing to defer deployment of the SDI he was consigning the program to a limbo of endless research. They have been lobbying furiously ever since to put deployment on an active track.

This effort is getting serious. It is not just advocates outside the Reagan administration who endorse early deployment but, now, leading figures inside. Secretary of Defense Casper Weinberger is suggesting a quickened run at development of one part

of an anti-missile network so as to enable deployment to begin perhaps early in the next administration. Attorney General Edwin Meese, who sits on the National Security Council, urges prompt deployment of a first SDI stage "so it will be in place and not tampered with by future administrations." They and others are pressing hard and publicly against the relatively more measured State Department formulations that the president accepted at Reykjavik.

Does the administration hold with that Reykjavik formulation? Is it still in favor of the 10-year deferral that Ronald Reagan proposed to Mikhail Gorbachev in October? Or is it moving toward a reversal, with all the international and political turbulence that would bring? Or is it simply one more case of the characteristic evolution of Mr. Reagan's strategic policy? One day the White House strikes up a position of the unrecanted proposals of his different advisers and the next day which ever of them loses sets out to overturn it. This time, however, the question is crucial. What is the policy on deploying the SDI?

—THE WASHINGTON POST

After a Visit to Africa

On his long-overdue visit to Africa, what George Shultz has prescribed for the troubled continent is more private enterprise and more local initiative. That is good advice, but Africa's troubles and America's interests there require more. Apart from a discordant note on human rights, the trip was a welcome undertaking, especially if the administration is now ready to add substance to this new message.

The continent with the world's fastest population growth, Africa has in recent years been transformed from a net exporter of agricultural products into a net importer. Fluctuating world commodity prices have brought growing debt and shrinking revenues. The cycle of drought and famine and emergency relief has grown cruelly familiar.

These crushing problems have African leaders groping for solutions. Increasingly, as seen for example in the United Nations special session on Africa last May, they are turning to Mr. Shultz's emphasis on a free market and local initiative. Africa's leaders have been selling off state enterprises and emphasizing management training, commerce and agricultural research. But encouraging economic growth and cutting public spending will be of limited use without better commodity prices, manage-

able debt terms and foreign aid. U.S. aid to the region has declined from more than \$1 billion in 1985 to \$664 million this year.

Mr. Shultz picked six especially friendly nations to visit: Liberia, Senegal, Kenya, Cameroon, Nigeria and Ivory Coast. Even so, he heard some nagging messages. Black Africa has been far lower on Ronald Reagan's priority list than on Jimmy Carter's, with the exception of troubled southern Africa. The Reagan policy of constructive engagement never played well in the rest of the continent. And in Liberia, Mr. Shultz's claims of democratic gains under President Samuel Doe perplexed and offended the Doe regime's victims and critics.

Mr. Shultz's trip, the first by a Reagan secretary of state south of the Sahara, showed Africans that they finally have the administration's attention. Initiatives toward the free market demonstrate that Africans have been listening to the administration. The only way to sustain the momentum is to begin practical efforts together in one or two areas — debt management and food aid, say — and start accomplishing something concrete. Otherwise the Shultz visit will follow similar high-level American trips into the footnotes of history.

—THE NEW YORK TIMES

Other Comment

AIDS: It's Prudent to Panic

I am not a doctor. I leave to scientists judgments about the potential spread of AIDS in the general population. Their judgments are in, and virtually none now doubts that AIDS spreads quite efficiently through ordinary heterosexual intercourse. Nobel laureate Dr. David Baltimore and Dr. Sheldon Wolff, co-chairmen of a six-month AIDS study for the U.S. National Academy of Sciences, concluded: "We are convinced significant heterosexual spread of the AIDS virus is occurring now in the U.S." That should not be surprising, since it already has occurred in Africa and Haiti.

The realization of sexual tolerance on a mass scale was a major cultural achievement that, like cheap gas, we will not miss

until it disappears. Along with most of my post-World-War-II generation, I both subscribed to this liberated ethic and tried to take advantage of it. For homosexuals, of course, the revolution was even more dramatic, as was the subsequent promiscuity.

Today none of us wants to admit that we made a mistake, that this wonderful experiment was an epic social blunder, even as it becomes painfully clear that the venerable, innate prejudice against free sex had an ulterior hygienic function.

Perhaps once the AIDS crisis has passed it will be possible to rebuild a modestly promiscuous culture. I hope so. But for now the responsible course is irresponsible. The course of prudence is to panic.

—Mickey Kaus, a correspondent for The New Republic, writing in The Washington Post

INTERNATIONAL HERALD TRIBUNE

JOHN HAY WHITNEY, Chairman 1958-1982

KATHARINE GRAHAM, WILLIAM S. PALEY, ARTHUR OCHS SULZBERGER

Co-Chairmen

LEE W. HUBNER, Publisher

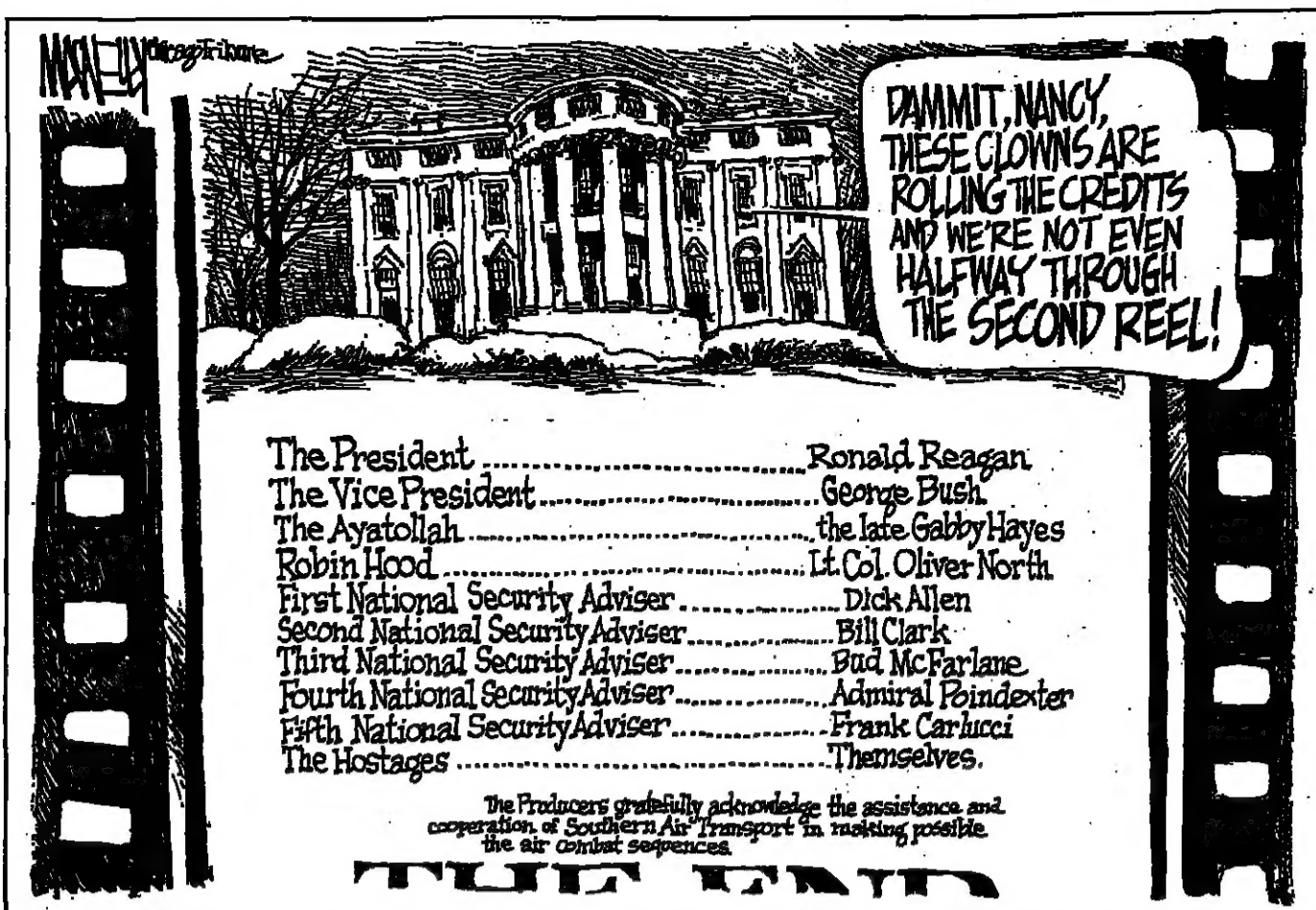
PHILIP FOISSE, Executive Editor • WALTER WELLS, Editor • SAMUEL ABT, KATHERINE KNORR, and CHARLES MITCHELLMORE, Deputy Editors • CARL GEWIRTZ, Associate Editor • ROBERT J. DONAHUE, Editor of the Editorial Pages

RENÉ BONDY, Deputy Publisher • ALAIN LECOUR and RICHARD H. MORGAN, Associate Publishers • FRANÇOIS DESMAISONS, Circulation Director • ROLF D. KRANZBUHL, Advertising Sales Director International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92200 Neuilly-sur-Seine, France. Tel: (1) 46.57.93.00. Telex: Advertising, 61359; Circulation, 61263; Editorial, 61271; Production, 60698.

Directeur de la publication: Walter N. Thorpe

Editor for Asia: Michael Richardson, 5 Canterbury Rd., Singapore 0511. Tel: 472-7708. Telex: R350028 Managing Dir. Asia: Michael Glen, 30 Gloucester Road, Hong Kong. Tel: 5-8610616. Telex: 61170 Managing Dir. U.K.: Robin MacKinnon, 63 Long Acre, London WC2E 9LT. Tel: 436-4022. Telex: 242000 Gen. Mgr. W. Germany: W. Lenz, 10000 Frankfurt 13. Tel: 4000 0000. Telex: 242000 P.O. Box 100000, New York, N.Y. 10022. Tel: (212) 253-3800. Telex: 427775 S.A. au capital de 1.200.000 F. RCS Nanterre 937001176. Commission Paritaire No. 61337 © 1987, International Herald Tribune. All rights reserved. ISSN: 0294-8052.

OPINION



The President Ronald Reagan
The Vice President George Bush
The Ayatollah the late Gaby Hayes
Robin Hood Lt. Col. Oliver North
First National Security Adviser Dick Allen
Second National Security Adviser Bill Clark
Third National Security Adviser Bud McFarlane
Fourth National Security Adviser Admiral Poindexter
Fifth National Security Adviser Frank Carlucci
The Hostages Themselves.

The Producers gratefully acknowledge the assistance and cooperation of Southern Air Transport in making possible the air combat sequences.

There Is Much Unfinished Business on King's Day

By Colman McCarthy

WASHINGTON — Today, Jan. 19, the United States for the second time commemorates the late Martin Luther King Jr. with a national holiday. On Oct. 26, 1960, Mr. King was traveling in Georgia in a bus when he was arrested on charges of breaking an anti-trespass law. He and 35 others, all black but one, had refused to leave the bus after a week in two county jails, and he was hauled to the state prison at Reidsville. A judge had sentenced him to four months because the sit-in protest violated terms of probation imposed the month before on a traffic

charge. Mr. King was unshackled and given the blue and white prison uniform common to Georgia convicts. Although he would be released on bond after a day, he wrote to his wife that the jail terms "is the cross that we must bear for the freedom of our people." The religious metaphor provides the title of a new biography, the most exhaustive yet — "Bearing the Cross: Martin Luther King Jr. and the Southern Christian Leadership Conference." The author is David J. Garrow, a political science professor at the City College of New York.

In the years before his murder in Memphis, Mr. King was advancing increasingly radical economic views: "Something is wrong with capitalism as it now stands in the United States. We are not interested in being integrated into this value structure. Power must be redefined, a radical redistribution of power must take place." He had been on too many marches and made too many trips to Washington to believe that a "property-centered and profit-centered" system would yield voluntarily.

"We must formulate a program, and we must fashion the new tactics which do not count on government

good will, but instead serve to compel unwilling authorities to yield to the mandates of justice."

In the last year of his life he suffered depression because he saw so few structural changes. When he went to Memphis in April 1968, he and the SCLC were trying to organize massive nonviolence that might include a "nationwide city-paralyzing demonstration" centered in Washington. Mr. King argued that "non-violent protest must now mature to a new level... massive civil disobedience... There must be more than a statement to the larger society, there must be a force that interrupts its functioning at some key point."

Much of the American media had had it with Mr. King. His call for fracturing the routine order of the nation's capital prompted The Washington Post to label it "an appeal to anarchy." The New York Times said that the Washington protest would be "counterproductive."

Mr. King pressed on with a strategy for mass civil disobedience, even if it means tying up the country. Demonstrations would be the "underclass that is locked out of the economy, people for whom a spring in jail in Washington is heaven compared to a spring in Mississippi or Chicago."

Mr. Garrow, a scrupulous biographer, details the despair that Mr. King often felt in trying to keep his followers from bolting. "I know I'm going to stay nonviolent no matter what happens, but a lot of people are getting hurt and bitter, and they can't see it that way anymore."

He was tormented with doubts that he had done enough to change America's mind about race. "There aren't enough white persons in our country who are willing to cherish democratic principles over privilege." To portray him as a successful civil rights leader is to forget the failures of his work — to restructure America's economy, to achieve justice, equality and peace.

© 1987 Coretta Scott King.

Washington Post Writers Group.

Nonviolence Was King's Chosen Tactic for Achieving Justice

By Coretta Scott King

ATLANTA — In 1955 a group of leaders invited Mahatma Gandhi to come to America to assist their struggle for equality. Gandhi politely declined, replying, "How I wish I could, but I must make good the message here before I bring it to you... It may be that through the American Negro the unadorned message of nonviolence will be delivered to the world."

By the time I first met him in Boston in 1951, Martin Luther King Jr. had already become interested in nonviolence. He was doing graduate work at Boston University. In addition to the classical thinkers, he had studied Kant, Hegel and Aristotle, whose "will to power" he found disturbing. The black church was the decisive influence in the formation of his religion, but he was much interested in the work of modern theologians such as Paul Tillich, Reinhold Niebuhr and Walter Rauschenbusch, whose "Christianity and the Social Crisis" left an indelible impression.

He had read Karl Marx, whose atheism and ethical relativism he rejected, while accepting his point that private enterprise is too often rapacious and exploitive. "Under communism, the individual soul is shackled by the chains of conformity," Martin later said in his sermon "How Should a Christian View Communism?" He continued: "In spite of its glowing talk about the welfare of the masses,

when he attended a lecture on the communist movement in India by Professor Mordecai Johnson of Howard University, Martin wrote in his first book, "Stride Toward Freedom": "Dr. Johnson had just returned from India, and to my great interest he spoke of the life and teachings of Mahatma Gandhi. His message was so profound and electrifying that I left the meeting and bought a half-dozen books on Gandhi's life and works." It was "in this Gandhian emphasis on love and nonviolence that I discovered the method for social reform that I had been seeking."

When looking back at the 1955 Montgomery, Alabama, bus boycott, which launched his career as a civil rights leader, Martin wrote of the movement's philosophical origins, "Christ furnished the spirit, and Gandhi furnished the method."

Martin Luther King Jr.'s pilgrimage to nonviolence provided the key to the success of his leadership. As America celebrates the second annual holiday commemorating his birthday, it also celebrates the triumph of nonviolence as a method for achieving justice, equality and peace.

© 1987 Coretta Scott King.

The 'System' Will Survive The Sad State of Reagan

By James Reston

WASHINGTON — On Jan. 27 President Reagan will deliver his seventh annual State of the Union message. He will address the 100th Congress of the United States at the beginning of the 200th anniversary of the Constitution.

Casper Weinberger says we are living through a "really remarkable American renaissance," but some folks in Washington think the state of the Union is not so hot.

They point to the record budget and trade deficits, to the foreign policy and Wall Street scandals, to the nuclear arms race and to the gap between the rich and the poor.

They are wondering out loud if something is not seriously wrong with the "system," and suggesting that it should be changed.

Some would put presidents in for six years instead of four; others would make it easier to recall dunder from the White House and keep better tabs on their health; others would make a national primary to nominate presidents, or constitutional amendments to balance the budget and stamp out abortion.

Here I proclaim myself a certified sick-in-the-mind. I cannot remember a time when so many alluring reforms were floating down the Potomac, some of them worth considering, or a worse time to consider them seriously. The capital is in a flighty and distracted mood, divided, leaderless and in no shape to edit the founding fathers.

Besides, all this present uproar between the White House and Congress over sneaking guns to Iran and the Nicaraguan contras does not prove that "the system" has broken down but that it is still working, still exposing and correcting error, still staggering along after two centuries.

It is not "the system" that is wrong but some of the people who have been evading and corrupting it. Oliver North, with or without higher authority — we still don't know which — regarded Congress

as a nuisance to be avoided and manipulated. "The system" did not let us down, it saved us.

It did not, of course, tell how to handle the Russians, or compete with the Japanese, or preserve America's cities, or elect the most qualified men and women to public office, or educate our children. In fact, it assumed human stupidity, ambition, greed and religious fanaticism, and merely suggested a few rules to hold things together.

It was defiance of the principle of "accountability" that led to the mistakes at the Reykjavik summit and the Iran-contra scandals. And all these investigations are not designed merely to rake over the past but to restore the principle of "accountability" in the future.

In this sense, the state of the president is sad if not bad, but the State of the Union is good, or anyway fairly good. Cappy has stars in his eyes as usual about a new renaissance, free of nuclear weapons and defended by shields in outer space, but "the system" is keeping these dreams in balance.

There has not been a Reagan "counterrevolution" against the New Deal or the Great Society, but merely a useful correction. The public purposes of the Democratic glory days went too far along the lines of the welfare state and had to be amended, but they were not destroyed. So the ideology of the supply-siders with their emphasis on private gain is being tugged back to the middle.

Everywhere in the world, the attempts to make human life conform to some sharp ideology have failed. Communism, socialism, free market capitalism are all in the process of adjustment to the realities. It is an awkward, painful process, but the answer to democracy's problems is not a more democracy but more, and not less accountability but more, and not more confrontation but more cooperation.

The New York Times

Symptomatic Crime Will Continue

THE Howard Beach incident on Dec. 20 — the beating and chase-to-death of a black man and the beating of his two companions by white youths from the New York neighborhood — is a reminder of the split in the historic base of the Democratic Party between working class whites and poor blacks. From Richard Nixon's "Southern strategy" to Ronald Reagan's talks of "welfare queens," Republicans have wrong political profit from the white backlash. Now the deficit means that the kinds of social programs that might help the races to find common ground — national health insurance, quality education for all, more police protection — are off the agenda, probably for the rest of the century. Until the Democratic Party finds its historic voice, we will not see the last of symptomatic crime like Howard Beach.

—Jack Beatty, an editor at The Atlantic, in The New York Times

Stereotyping, Discrimination, Violence

THE justifiable fear and resentment of blacks against the bigotry of significant numbers of whites should be understood and understood sympathetically. The fear of crime is also understandable, and the fear of black crime has some basis in truth. But none of these fears, among either blacks or whites, justifies stereotyping, discrimination or violence.

—Edward L. Koch, mayor of New York City, in The New York Times

Howard Beach Started 200 Years Ago

AMERICA was racist even before the Constitution sanctioned slavery 200 years ago. At best it is a strong anti-racist leadership from politicians by fits and starts. Racism has been explicitly supported, and at other times sanctioned by winks and by nods. People's lives are horribly stunted when they are denied adequate education, decent jobs, suitable housing and a sustaining hope. The need is for national and local leaders who fight those evils daily, not postures who don't raise their voices until somebody has been killed for being lost and lonely in the wrong neighborhood.

—Roger Wilkins, in The New York Times

LETTER

Andreotti as Dupe?

Of the many unusual images currently emanating from the Reagan White House, perhaps the most curious is the vision presented of Giulio Andreotti as a victim of William Wilson's deception. The idea seems to be that the former U.S. ambassador to the Holy See bamboozled Italy's current foreign minister (and, in the past, five-time prime minister) into believing that Mr. Wilson had been authorized by the U.S. government to confer in November 1985 with Moammar Gadhafi of Libya, when in truth he was not. Mr. Andreotti is probably the most experienced diplomatic wheeler and dealer this side of the Iron Curtain, with an unmatched range of contacts. He is not known for a lack of mental acuity or guile. Mr. Wilson, on the other hand...

RICHARD HELLER, Rome.

IN OUR PAGES, 75 AND 50 YEARS AGO

1912: Frozen Kingdom

LONDON — Great Britain is snow-bound. While London escaped the heavy snowstorm which has blocked trains, wrecked telegraph lines and tied up traffic, many other parts of the kingdom and their inhabitants are shivering as the result of the cold and the snowstorm, which have been prevailing for 48 hours. There are fierce gales, amounting to a hurricane in some places. London is practically isolated, as all wires to the Continent, except one for the public, and this working with nine hours' delay, are down. Some parts of England are from six to ten feet deep in snow. Reports show that scores of lives have been lost. Business is practically at a standstill in Birmingham, Sheffield, Leicester, Bristol, Cardiff and Bath. Terrible storms are reported in Scotland and Ireland. Racing, hunting and football were all stopped.

1937: Philippines Policy

MANILA — Outlining the purpose of the Philippine Commonwealth's new military policy, which is directed at present by Major-General Douglas MacArthur, formerly Chief of Staff of the United States Army, President Manuel Quezon said (on Jan. 18): "We aim to insure the safety of the Philippines, to uphold their dignity and self-respect. The world may rest assured that the Philippines are determined to become independent and to rely on their own resources; of manpower to maintain their territorial integrity and national rights. No organization in the United States shall halt us." Allegations that the selection of General MacArthur as his Chief of Staff indicates the existence of a plan to give the United States a big army in the Philippines to use in the event of war against Japan were denied by President Quezon.

PERSONAL INVESTING

FOCUS

Dollar Fallout Leaves Goldbugs Disappointed

THE DISAPPOINTMENT was almost palpable. In gold dealing rooms around the world last week, traders were expressing frustration at gold's laggard response to the turmoil in the currency markets. Although it had easily rebounded over the \$400 mark at the end of December and continued to make ground as the dollar slid, the price gains fell far short of expectations.

In fact, last Wednesday, when the dollar's drop suddenly accelerated amid reports that the Reagan administration wants the U.S. currency to fall further, gold managed only a \$6.90 an ounce gain in New York. Some analysts had expected double that amount.

"The market was certainly more active," says Frederic S. Bogart, a senior vice president and gold trader at Republic National Bank in New York. "But I can't characterize it as solid business all day, because there wasn't."

Indeed, much to the dismay of goldbugs, prices have moved upward at roughly the same pace as the dollar has declined. This is somewhat puzzling since gold, traditionally viewed as an alternative investment to the dollar, is considered more volatile. Thus, gold prices should be expected to swing wider than the dollar's value on currency markets.

ADDITION TO THE CONFUSION is the apparent equanimity with which the gold market has greeted OPEC's recent price accord. Although oil prices have firmed in response to the agreement, it has not produced any widespread inflationary jitters.

There are a number of factors blunting the current rally. A paramount problem in the minds of many investors is the lingering doubts about gold. Many investors were disappointed last year when gold broke through the "psychological" barrier of \$400 last September, climbed to \$443 in October, and then proceeded to give up many of its gains.

In retrospect, a number of observers blame unrealistic expectations about supply and demand for the ill-fated rally. Platinum, which ignited the surge in precious metals prices touched \$672 an ounce last Sept. 5 on fears that the unrest in South Africa would jeopardize the world's largest source for the metal. That did not come to pass.

Moreover, major gold producers, like the Soviet Union, are thought to have stepped up sales as prices became more attractive. "In the end, production tempered the buying," says Paul Cain, a precious metals analyst with Shearson Lehman Brothers.

Another development that has detracted from gold's appeal has been the resurgence of interest in U.S. stocks now that the Dow Jones Industrial average has vaulted over the 2,000 level. "A lot of people still believe the big plays are in financial assets," notes James Kneafsey, president of Cambridge Commodities Corp. in Massachusetts.

Despite such constraints, the market is far from bearish. Despite periodic corrections, prices appear firm. And if the dollar remains weak, many analysts say gold could once again climb above \$440 in the near term, possibly higher by the end of the year. "Nobody is unhappy with gold," says Mr. Kneafsey, who thinks \$362 to \$443 may be a fair trading range. "But you can see how a bull might be quite disappointed."

John Meehan

UPDATE

U.S. Voting Debate: The Latest Chapter



John Shad

THE NEW YORK stock exchange's controversial proposal to loosen its one-share, one-vote rule has received a boost from a Securities and Exchange Commission study showing that stock prices change little when companies issue common shares with limited voting rights.

In study that has yet to be released, Amette Poulson, acting chief economist for the SEC, said agency staffers examined about 65 companies that issued common shares with unequal voting rights and found "no significant impact on stock price." Megan Patch, a professor of finance at the University of Oregon, reached a similar conclusion in a separate study. "It seems that investors aren't bothered by a change in voting rights," Ms. Patch surmises.

The Big Board, bowing to strong pressure from corporate America, is seeking SEC permission to allow companies to adopt dual-class common as long as a majority of shareholders and outside directors agree. The American Stock Exchange and the burgeoning over-the-counter market already permit the practice.

Companies eager to avoid a hostile takeover sometimes issue high-yielding stock with little or no voting power in exchange for outstanding shares. Ms. Poulson said the SEC study suggests that investors may believe that higher dividends and other inducements attached to the non-voting stock offsets any danger posed by relinquishing control.

But such theories do little to silence critics. Robert Monks, president of Institutional Shareholder Services, argues that price studies are misleading because many companies that have issued dual class already had a high degree of power concentrated in management. Furthermore, he said, inducements to accept voteless stock are "fundamentally coercive."

In public hearings last month, SEC Chairman John Shad suggested that he favored a compromise to the NYSE plan, possibly requiring a uniform standard among all exchanges. "I would expect that is the way it will go," Ms. Poulson says. An SEC spokeswoman said the commission likely will act on the proposal sometime in the first quarter of this year.

Phil Roosevelt

Cashing In on Europe's Denationalizations

The sell-offs will continue in 1987, bringing some big names to market.

By Lynne Curry

IT WAS DUBBED the perfect deal, and many investors found it hard to pass up. By the end of a weeklong public offering that followed an elaborate \$41-million marketing campaign by the Thatcher government, more than 4 million individual investors had signed up to buy stock in British Gas under the most ambitious privatization plan ever undertaken.

Thanks in part to a three-step payment plan that required an initial outlay of only 50 pence (about 75 U.S. cents) a share for the state-owned gas utility, the £5.65 billion offering was easily oversubscribed. And despite some grumblings that there should have been a bigger response, British Gas had already climbed to 67 pence by the time it began officially trading Dec. 8 on the London Stock Exchange.

"It was a chance of making a little bit of money," recalls Eric Russell, a 41-year-old telecommunications supervisor in London, who was lucky enough to get 350 shares at the offering price. He sold his stake when it hit 62.5 pence.

The success of the British Gas offering and equally enthusiastic market response last month to the French government's sale of Saint Gobain, the industrial glass and engineering group, indicate the kind of interest that privatization is generating in the investment community.

Ever since British Telecom was sold to the public in 1984, investors have been waiting eagerly for governments to sell off other state assets in the hopes of finding a similar bargain. The successful sale of the telephone utility is generally viewed as a watershed in the process of privatization because of the scale of offering and the interest it generated. At the same time, its share price has quadrupled since it was offered.

This year promises the least schedule of privatizations to date. No fewer than 11 major industrialized countries are planning to sell off all or part of their interest in state-owned concerns, though the pace of the offerings is still unclear in many cases. These range from Iberia airlines in Spain to Japan's Nippon Telegraph & Telephone. Even in the United States, where public ownership has traditionally played a relatively minor role in the economy, the government intends to sell off almost \$8 billion worth of assets, including its stake in the troubled national railroad, Conrail.

Not surprisingly, much of the investor interest has focused on Britain and France, which have put forth

(Continued on Page 10)



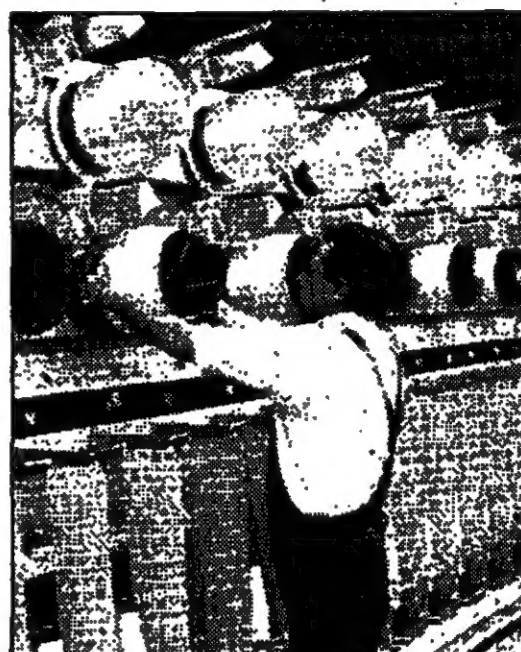
TELECOMMUNICATIONS

British Telecom shares have quadrupled since it went public in 1984.



FINANCE

Paribas will test investors' appetite for French banks.



MANUFACTURING

A St. Gobain fiber plant. Its offering was major success for the government.

FUNDS

A New Set of Sophisticated Funds

Their bag of tricks includes index arbitrage and portfolio insurance.

By Phil Roosevelt

DISCOURAGED by program trading? Overwhelmed by those big institutions and their jumbo computers? Don't despair. The U.S. mutual fund industry, which has long portrayed itself as a haven for "the little guy," is serving up some funds that plan to use the same computerized techniques employed by Wall Street's most sophisticated investors.

Already, at least two mutual funds are using "portfolio insurance," a computerized hedging strategy involving stock-index futures. And another fund still in the works is planning to couple insurance with the most prominent form of program trading, stock-index arbitrage.

Just how well this emerging breed of fund will perform is still anyone's guess. For now, however, the funds are at least winning some high marks for effort. "I think anything that gives investors more choice is beneficial," says Joseph Grundfest, a member of the Securities and Exchange Commission.

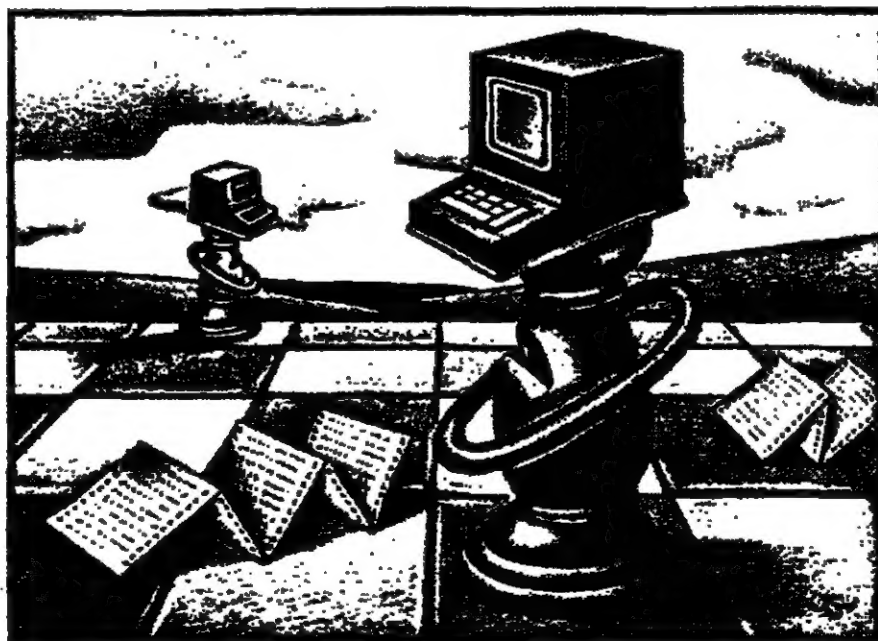
In the past, most individuals had little opportunity to participate in program trading. Index arbitrage, a method of profiting on price disparities between stocks and futures contracts, requires elaborate computers, anywhere from \$5 million to \$25 million in capital and a team of talented technicians. Portfolio insurance, though less demanding in its capital prerequisites, still calls for constant attention and a solid grasp of hedging theory.

Now, the admission price is falling. With a minimum investment of \$2,500, for example, individuals can take part in Strategic Investing, a new mutual fund offered by Dreyfus Corp.

The \$18-million fund backs up its selection of blue-chip stocks with an insurance strategy, hints it may try stock-index arbitrage and boasts an array of other techniques, including selling stocks short in falling markets and buying issues with borrowed money to leverage its portfolio during rallies.

Dreyfus maintains that all this gives the fund "the flexibility to make money in almost any kind of market." And, in the first seven weeks after the fund's launch, net assets rose by 3 percent, compared to a 2 percent climb by the Standard & Poor's 500 Index.

Tax changes in the United States are partly responsible for the creation of such funds, Michael Lipper, president of Lipper Analytical Services, says a tax provision that had discouraged mutual funds from deriving more than 30



Charles Waller

percent of their income from short-term investments was amended to exempt income earned from "hedging."

But Mr. Lipper also suggests that fund managers sought an attractive marketing opportunity in program trading. "There is a consumer market intrigued by this kind of thing because of press reports saying, rightly or wrongly, that programs make stocks go up and down," he adds. "I imagine there will be more funds following if these ones prove successful either from a marketing or an investing standpoint."

For investors, the main task is to examine how the techniques work and what they can—and cannot—accomplish for the funds.

PORTFOLIO INSURANCE, the most common program strategy among the new funds, started to gain favor among institutional investors about two years ago, following the development of the stock-index futures market. The strategy calls for assembling a portfolio that moves in step with a major stock index, and then reducing the risk through systematic use of futures contracts based on the index.

"You end up participating pretty well when the market is rising, and you can sleep at night when the market is falling," asserts Girish Reddy, a senior vice president at Leland O'Brien Rubenstein Associates, a money management firm and a leading practitioner of the strategy.

Over periods of five years or more, Mr. Reddy concedes, an insured stock portfolio will probably lag an uninsured counterpart because of hedging expenses. He adds, however, that an insured stock portfolio will generally outperform financial assets invested in the conventional way: 60 percent in equity, the rest in money market instruments. "Many investors are hedging inefficiently," Mr. Reddy argues.

Portfolio insurance is central to the Equity-Guard Stock Fund, a \$20-million closed-end fund that started trading on the American Stock Exchange last August. It is managed jointly by RepublicBank of Dallas and Skye Investment Advisors Inc.

The fund has about 40 stocks in a range of industries, yet the portfolio closely tracks the movements of the S&P 500. After an initial hedge is established, computers trigger the sale of futures as soon as the index drops by two or three percent. With any further decline in stocks, the fund can buy back the futures at a lower price, thus reaping a profit to offset equity losses.

"If you set the trading threshold much lower than 2 percent, the amount of extra safety you get is negligible, and the trading costs hurt you," says Paul McEntire, president of Skye.

EquityGuard officials maintain that their approach should result in annual returns of no less than zero in a bear market. In a bull year, they say, hedging expenses are likely to drag returns two to six percentage points below those of the S&P 500. From the fund's start in August through December, net assets rose 1.09 percent, while the S&P 500 fell by 3.21 percent.

"We envision this appealing to a risk-averse individual who wants to earn more than he would in a money market fund," says Edward Anderson, chief investment officer at RepublicBank.

For investors who want more excitement, Kidder, Peabody & Co. might have an answer. In a filing with the SEC, the firm has proposed a fund that would assemble a portfolio mirroring the S&P 500, back it up with computerized insurance efforts, and also use a form of stock-index arbitrage.

According to the filing, the fund may swap

(Continued on Page 11)

FOR SALE IN '87

Paribas

The fifth-largest French bank in assets and a strong player in domestic and international capital markets, Paribas sale will set the tone for the planned denationalization of Cr  dit Commercial de France. Twenty-five percent of the capital has traded on the Bourse as nonvoting stock. Of the voting stock held by the government, half will be sold to the French public and the rest to French institutions, foreigners and bank employees.

CGE

Compagnie Generale d'Electricite has been designated as the next French industrial group to be sold off, possibly as early as May. CGE recently paid \$377 million for 55.6 percent of a joint venture with ITT. The venture ranks as the second-largest telecommunications group after AT&T. Analysts believe CGE profit rose 15 to 20 percent in 1986 from 1985's 12 billion francs.

TF1

TF1, France's biggest television network, may also be on the block in the first half. Only 40 percent is expected to be sold publicly, with 60 percent to be placed with one or two big conglomerates. Overstaffing was blamed by many observers for TF1's 176-million-franc loss in 1985, but it may have broken even in 1986. The sale could bring up to 5 billion francs.

British Airways

After years of delay, British Airways goes to the market next month, fetching just under £1 billion by some estimates. The prospectus says the airline's pretax profit could fall 20 percent to £145 million in the year ending March 13, but analysts expect a better showing in fiscal 1988. Given the volatility of the airline business, the issue has been pitched to big investors. Expected price is 120 to 135 pence a share. (About 20 percent of the offer will be sold abroad.)

British Airports Authority

British Airports Authority owns Heathrow, Gatwick, and several other airports in Britain. Deriving most of its revenue from landing fees and duty-free sales, analysts call it a steady, if slow-growing business. A potential constraint is the difficulty of enlarging its London-area terminals. (The offer could fetch from £600 million to £1 billion.) Estimated share price: £1.

Rolls Royce

This maker of aircraft engines has always had strong military orders but is beginning to cash in on its development of engines for civil aircraft, analysts say. Pre-tax profit nearly tripled in 1985 to £81 million. Estimates of its sale value range from £500 million to £1 billion.

FIRST AUSTRIAN BANK
founded 1859
Die Erste   sterreichische Spar-Casse - Bank

Enjoy Banking Secrecy second to none
at Austria's oldest Banking Institution

First Austrian Bank operates for its international clients:

- Schilling accounts
 - current accounts
 - deposit accounts (under the holder's name or anonymous)
 - Accounts denominated in freely convertible foreign currencies (under the holder's name or anonymous)
 - Security accounts (under the holder's name or anonymous)
- We also offer efficient handling of purchase and sale orders in:
- Domestic and international Bonds, Notes and CDs
 - Domestic and international Stocks
 - Domestic and international Investment Funds
 - Gold

Contact the Head Office for more information
on Investing in Austria
Address: Graben 21, A-1010 Vienna
Attention: International Business Development
Tel.: (0222) 6618-286

VIENNA - LONDON - SYDNEY - VICENZA

BOURSES

Cashing In on Europe's Denationalizations

(Continued from Page 9)

the most extensive plans for privatization. It has been a key component in the conservative agenda pursued by government of Prime Minister Margaret Thatcher since coming to power in 1979. So far more than £7 billion in state assets have been returned to the private sector. Aside from British Telecom, Jaguar, Britoil and Cable & Wireless have been among the more well-known companies to be sold off.

In the next three fiscal years, the official plan is to sell off £5 billion worth of assets a year, and the government continues to widen the range of targets for privatization. Those expected this year include British Airways, British Airports Authority and Rolls Royce.

In France, the privatization program began last March with the triumph of conservative parties in legislative elections. Prime Minister Jacques Chirac has promised to sell off 65 companies, worth between 200 and 300 billion francs, over the next five or six years, reversing the 1982 program of nationalizations that followed the election of Socialist President François Mitterrand.

The list of assets includes such companies as Compagnie Financière de Paris, Assurance Générale de France, Crédit Commercial de France, d'Electricité, TFI, France's biggest and oldest television network, and Agence Havas, a media conglomerate.

Economic and political factors have spurred the rush toward privatization. Faced with growing budget pressures because of slow economic growth and rising unemployment, governments view privatization as a way of maintaining spending levels without borrowing or raising taxes. "It has become more politically impossible to go on raising taxes and this is a relatively painless way of obtaining additional revenues and avoiding the need to raise taxes," says Chilton Thomson, a director of American Express Asset Management.

There has also been a growing dissatisfaction with the inefficiency of many state-owned enterprises, which are increasingly seen as unwieldy bureaucracies. Reluctant to continue meeting the cash demands of state-run companies, governments would rather expose such industries to free market

forces to promote their competitiveness.

"This particular government has felt for a long time that state interference was detrimental to running companies," notes Roger Nightingale, chief economist for Hoare Govett, referring to the Thatcher administration. "It wanted to get companies like Jaguar and Amersham back into public ownership. These were ordinary companies that happened to be state-owned."

Of course, underpinning the privatization drive has been the long bull market in equities. Not only has it popularized share ownership, but has also expanded the capitalization of stock markets, enabling them to adequately absorb a series of large offerings.

Newly privatized companies are generally considered good short-term investments by most analysts. "Investors get exposure to parts of the economy they haven't been able to get at before," says James Anderson, manager of European equities at Baillie Gifford and Co. Ltd., an Edinburgh fund manager. "They also get exposure to companies that have improved by being in nationalized hands."

Indeed, both the French and British governments have tolled in recent years to improve the quality of the companies they own. For example, British Airways went on a cost-cutting campaign last year that reduced its gross debt to £139 million in March. And there is already talk that the Thatcher government may assume the £200 million debt burden of Rolls Royce before the company is offered to the market.

The effort has been particularly notable in France where the former Socialist government is given high marks for restructuring the industrial and financial sectors.

"We've seen a radical improvement in management," says Philip Gray, a director of GT Management in London. "We've seen the dogs out of the kennel. They have been dramatically transformed. What's coming back is a completely different animal."

To insure a warm market response for privatized companies, governments also are paying special attention to pricing. In fact, the Thatcher government was criticized for underpricing the British Telecom issue. Fund managers say initial offerings in privatized companies have been priced at a deep enough discount to ensure that the issue is oversubscribed. And in the past, they say, prices have risen at least 10 percent on the same day. "If they price it wrong, it will kill the golden goose," says Mr. Gray.

Still, not all state-owned companies headed toward privatization are attractive. And there is still lingering concern about the long-term prospects for some companies. Despite improvements, debt levels in general remain fairly high relative to the private sector and some professional investors express concern about the ability of management to make a successful transition into a competitive environment.

And in Britain there is a belief that the real bargains have already been sold off. Although the government has outlined plans to sell the Water Authority, British Rail, British Steel, the Post Office, the Electricity Board and part of Bri-

Casting a Pall Over London's Gray Market

LAST FALL, investors eager to deal in British Gas did not have to wait for the shares to be issued. Instead, they could trade in what is known as the gray market, where prices were being quoted on commitments to deliver shares when the issue was officially listed.

But this free-wheeling trading in privatization shares yet to be issued seems to be grinding to a halt, largely because of the government's anger over the frantic gray-market activity in British Gas shares. Gray-market dealings fueled a speculative attitude toward the offering and greatly complicated its pricing, officials have complained.

Until the flap over British Gas, London's gray market had been propelled along at a feverish pace by three niche players: Harvard Securities, Prior Harwin, and Cleveland Securities. With a fizzle unmoored under the din of Britain's Big Bang of deregulation, the first two recently withdrew from the gray market altogether, while Cleveland has sworn off advance dealing in privatization issues, including that of British Airways at the end of this month.

"We had such an adverse reaction in the U.K. press about our dealing in British Gas shares," prior to the official listing, says Harvey Lawrence, chief of corporate finance at Cleveland Securities, "that we've decided that we won't be active in gray market dealings during other privatizations."

Mr. Lawrence insists that there has been no official pressure from government authorities to close down the gray market. But Hill Samuel



Group, the merchant bank handling the British Airways flotation for the government, has let its distaste for gray-market dealings in the issue be known through reports appearing in the British press.

Mr. Lawrence, clearly aggravated by hostile press commentary alleging that gray market dealing presents a misleading picture to investors about the anticipated pricing of a new issue, says, "In the past 80 issues, we've been absolutely right on the price, with the exception of one issue."

In the late-November £5.6-billion British Gas flotation, priced by the government at £1.35 per share, both Cleveland and Prior Harwin bore the brunt of barbs that the gray market was underbidding shares in British Gas by at least 10 pence.

For Cleveland, as was the case with its two sidelined competitors, the roster of clients interested in playing the unofficial market includes large institutions—primarily banks and pension funds. "We've had several calls from institutional clients expressing disappointment about our decision not to participate in privatization issues," Mr. Lawrence says, "they feel that our absence will mean a lack of a fair indication of price." □ Warren Getler

When you can invest \$50,000 You deserve a high return

We, at Chilmark Commodities, are extending our Institutional Risk Management Program* to a fixed number of high net worth individuals who will join our Private Clients Program.

This unique opportunity with a leading specialty house features individual portfolio strategies in regulated markets with custom portfolio planning.

You will benefit from the full protection of the U.S. Investment Laws with an individual segregated account.

For more information on our Private Clients Program please call or write:

Mr. Anthony C. Desir
Institutional Manager
Chilmark Commodities Corp.
14 East 60th Street, Suite 307
New York, N.Y. U.S.A. 10022

**CHILMARK
COMMODITIES
CORPORATION**
212-759-5533
Telex 858541

Name _____
Address _____
City _____ State _____
Country _____ Postal Code _____
Phone number _____

*Only risk capital will be accepted.

HOME IS WHERE YOUR BEST INTEREST LIES.

England. It probably conjures up images of green rolling hills, summer holidays at the seaside or perhaps week after week of cold grey rain. It certainly won't call to mind a land of financial security and generous interest rates. And yet that is precisely what the Halifax is offering.

HIGH INTEREST

We pay investors not ordinarily resident in the UK for tax purposes full gross interest rates. Take our top investment opportunity - the 90 Day Xtra account.

An account can be opened with just £500. And there is no maximum limit. Currently we will pay you an attractive rate of 11.71%.

Interest is added twice-yearly. If full half-yearly interest remains invested the compounded annual rate (C.A.R.) is 12.05%.

**FOR INVESTMENTS OF £25,000 OR MORE
90 DAY XTRA PAYS YOU
12.04% = 12.40% C.A.R.***

If required, interest can be paid to you monthly or six monthly.

EASY ACCESS

You can have instant access to your money, losing only 90 days' interest on the amount taken out. Or give 90 days' written notice and there is no loss of interest. Withdrawals leaving a balance of £5,000 or more are free of both notice and loss of interest.

SECURITY

If you'd like your money to lie with some of the best interest rates in the land, and have the security of knowing that your money is invested in the World's No1 Building Society, fill in the coupon now.

To: HALIFAX BUILDING SOCIETY
Ref: IWK, Trinity Road, Halifax HX1 2RG, UK.
I/We enclose a Sterling Cheque/Debit Money Draft No. _____ for £ _____ (minimum investment £500). To be invested in a 90 Day Xtra account. I/We would like the interest to be: ☐ added to balance ☐ paid to me (Please send me full details) ☐ I am/we are not ordinarily resident in the UK. Please send the declaration form for payment of gross interest.

Full Name(s) _____
Address _____
This sum is being invested by me/us as sole/joint beneficiary(ies)
owner(s) Signature(s) _____
Date _____

HALIFAX. THE WORLD'S NO1

*Interest is compounded twice-yearly giving the Compounded Annual Rate (C.A.R.). All interest rates quoted are variable and are current at time of going to press. Halifax Building Society, P.O. Box 60, Trinity Road, Halifax HX1 2RG, UK.

"Jyske Bank"

Your connection to Private Banking

With Jyske Bank you can obtain high interest on \$-deposits, US\$ as well as Canadian \$.

Other advantages:

- Buying and selling bonds and shares.
- Safekeeping accounts.
- No Danish taxes.
- More than 25 years experience with international clients.
- Fast and excellent service.
- Start increasing your income by sending in the coupon.

JYSKE BANK

Vesterbrogade 9
PO Box 268
1501 Copenhagen V.
Denmark
Tel.: +45 1 21 22 22

Please send me further information about \$-deposit.

Name _____

Address _____

Country _____

VALUE LINE brings

COMPREHENSIVE COVERAGE of

1700 AMERICAN STOCKS

to European Investors

THE VALUE LINE INVESTMENT SURVEY continually reviews more than 1700 widely held American stocks. Key data and ranking for relative future price performance of each stock are kept up-to-date in the weekly index. And about 130 new full-page reports are issued every week, so that each company is the subject of a complete report every 13 weeks. The full-page reports include operating and financial statistics going back 15 years and estimated 3 to 5 years ahead.

As a special introductory offer, you can receive 12 weeks of Value Line for only \$85—about half the regular rate—providing you have not had a subscription in the past two years. As a BONUS, you will also receive the 2000-page Investors Reference Service with the latest reports on over 1700 stocks, plus the 72-page booklet, "A Subscriber's Guide." Send payment (no cash please) along with name and address together with this ad to Dept. 81303.

THE VALUE LINE

711 THIRD AVENUE, NEW YORK, N.Y. 10017, U.S.A.

Payment in local currencies (British £80, French F 800, Swiss F 100, DM 100) and requests for information should be directed to Value Line, Ltd., Alexandre de Sabat-Pons, 2 Ave. de Villiers, 75007 Paris, (Tel. 891.63.69)

Distributed by KLM Royal Dutch Airlines Publication Distribution Service Holland.

Allow 4 weeks for delivery.

TO OUR READERS

IN THE NETHERLANDS

The International Herald Tribune has recently modified its distribution system in The Netherlands to provide more timely service to our readers.

If you encounter any difficulties in obtaining your copy, please contact:

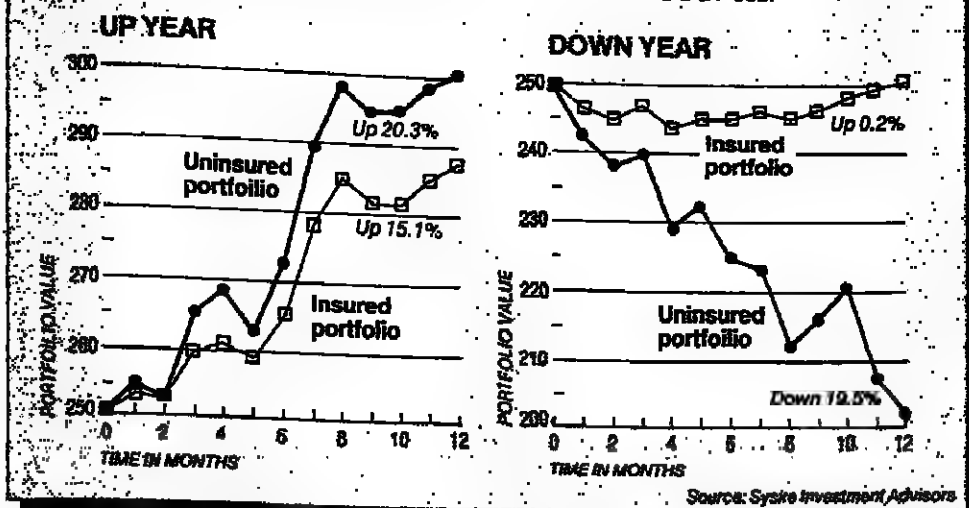
Edipress International B.V.
Bloemendalseweg 224
2051 GM Overveen
The Netherlands
Tel.: (31 23) 25 29 69/Tx: 41833

مكتبة الأصيل

FUNDS

The Insurance Game

Hypothetical projections of how an insured portfolio would fare 12 months in two market scenarios. The uninsured portfolio tracks the S & P 500.



An Emerging Breed of Funds Uses Computerized Strategies

(Continued from Page 9)

stock for futures when the futures are underpriced relative to the index, effectively winning a quick profit while continuing to participate in the index's performance. Conversely, the fund may jump back into stock when the futures are overpriced compared to the index.

Arbitrage, however, could complicate Kipper's insurance effort, for program traders say that insurers are sometimes selling futures automatically at the same time arbitrageurs are buying the contracts. The Kipper filing does not specify how extensively the fund will use arbitrage, and Kipper officials refused to comment at all on the fund until the SEC takes action. But several program traders suggested that the fund, called the MarketGuard Appreciation Fund, may concentrate on the performance of its insured portfolio, becoming an arbitrageur only under certain circumstances.

"That fund could have some pizzazz," said Jeffrey Miller, a principal in Miller Tabak and Hirsch,

which helped pioneer index arbitrage. "...If you worked hard enough at it, you could make up some of the costs of insurance," he suggests.

Not everyone, however, is optimistic about the future of "insured" funds. In fact, Wall Street has raised serious questions about portfolio insurance. While insured portfolios are believed to total \$40 billion, that is just a fraction of all institutional holdings.

Critics point out that hedging with futures involves steep transaction costs. This can lead to mounting expenses in a flat market since a fund manager has no chance of making money on a contract unless its price varies. Moreover, hedging costs can also eat up profits during rallies. At the same time, there are no guarantees that insurers will execute their hedging properly in declining markets. "I think it's very risky," says William Morris, a pension consultant at Mercer-Medinger Inc.

David Testa, president of T. Rowe Price Associates' Growth Stock fund, says he is unconvinced mutual funds can devise adequate

revenue-boosting ploys to offset insurance expenses. None of the new funds has as many methods at its disposal as the Dreyfus offering, but even so Mr. Testa wonders how many of Dreyfus' techniques are "appropriate adjustments" to insurance.

"If you're going to go out on leverage in a rising market and then use insurance to somehow underpin that position, I'd have to think real hard whether that makes sense," Mr. Testa says.

Whether index arbitrage can contribute significantly to returns in coming years is also debatable. Experts have long theorized that arbitrage opportunities will all but vanish as more players take part, and already arbitrageurs report diminished opportunities with some index strategies.

More broadly, program traders are frequently blamed for contributing to stock market gyrations — the very volatility insurers aim to avoid. When futures prices sink, critics complain, arbitrageurs buy up the contracts and dump massive amounts of stock, depressing prices in hundreds of issues for largely technical reasons.

For the final quarter alone, top honors went to two small funds. First was the \$4.3-million Delcap Fund I with a return of 17.36 percent. It was followed by 44 Wall Street Equity, with assets of \$8.2 million, which was ahead 17.11 percent. Both are capital appreciation funds, which as small funds can rack up excellent performance records by hitting it right on just a few stocks.

Similarly, the No. 1 performer for the full year, out of a total of 950 funds of all types, was the \$7-million New England Zenith

Why the Funds Lagged the Market in '86

The strength of blue chips made it hard for managers to outperform the major indexes.

By Vartan G. Vartan

INVESTORS STORMED into U.S. mutual funds last year, but they probably would have been better off investing in blue-chip stocks. Despite a healthy return, the average performance of equity funds in the United States lagged the Dow Jones Industrial average and the Standard & Poor's index of 500 leading stocks.

The roster of 568 general equity funds produced an average total return of 13.39 percent. By contrast, the S&P 500 index had a total return, including dividends, of 18.71 percent, while the total return of the Dow average was 27.25 percent. The investment concentration during 1986 on large-capitalization blue-chips is cited as the major reason why the market indicators had a better showing.

Thanks in part to the declining dollar, international funds ranked as the best performing sector of the mutual fund industry in 1986 with a total return averaging 53.25 percent. The internationals ranked second behind the health care funds in 1985.

Gold and precious metal funds staged a comeback. As a group, their performance ranked second only to the international funds and showed an average total return of 36.07 percent.

Results for the fourth quarter, however, showed a change in leadership. "Capital appreciation funds and technology funds — relatively poor performers for the year as a whole — ranked among the best gainers," according to Michael Lipper, president of Lipper Analytical Services, which monitors the fund industry.

For the final quarter alone, top honors went to two small funds. First was the \$4.3-million Delcap Fund I with a return of 17.36 percent. It was followed by 44 Wall

How Mutual Funds Have Performed

Funds showing largest percentage changes in net asset value in 1986 from 1985, and in fourth quarter from previous quarter.*

Annual Changes	
Gainers	Losers
New England Zenith Capital Growth +95.21%	88 Fund -30.54%
Merrill Lynch Pacific +78.05	American Heritage -26.05
Nomura Pacific Basin +74.46	Fidelity Select Electronics -23.85
Newport Far East +73.26	Bowser Growth -22.69
Financial Portfolio Pacific +72.49	Strategic Capital Gains -21.39
GT Pacific Growth +70.04	Dividend/Growth Leaser, Advanced Technology -21.16
Fidelity Overseas +69.25	Steadman American Industry -19.72
BBK International +61.97	44 Wall Street -16.26
T. Rowe Price International +61.29	Fidelity Select Energy Services -15.75
GT Japan Growth +60.62	First Investors Natural Resources -14.85
Quarterly Changes	
Gainers	Losers
Delcap Fund I +17.36%	Strategic Silver -10.43%
44 Wall Street Equity +17.11	Bowser Growth -9.90
First Investors U.S. Government Plus I +14.86	Rochester Convertible -8.83
Financial Portfolio Technology +13.94	Sherman Dean Fund -8.57
USAA Gold +12.99	Schild Aggressive Growth -7.82
Trusts Conmingle International +12.84	American Capital Life Stock -7.72
Benham Target 2010 +11.43	Rochester Growth -6.95
Fidelity Select Computer +11.00	Wealth Monitors -6.94
Gintel Erisa +10.63	Fidelity Select Life Insurance -6.77
IDS Precious Metals +10.41	Strategic Capital Gains -6.44

*Dividends, capital gains reinvested.

Source: Lipper Analytical Services Inc.

Street Equity, with assets of \$8.2 million, which was ahead 17.11 percent. Both are capital appreciation funds, which as small funds can rack up excellent performance records by hitting it right on just a few stocks.

Similarly, the No. 1 performer for the full year, out of a total of 950 funds of all types, was the \$7-million New England Zenith

Capital Growth with a gain of 95.21 percent. The fund is a variable life insurance product offered by New England Mutual Life Insurance Co., which owns majority control of Loomis Sayles, the fund's investment adviser.

G. Kenneth Heebner, portfolio manager of the Boston-based fund, found a winner in Home Shopping Network, a new issue

that rose sevenfold between May and December.

"We went in and out of Home Shopping several times during the year," Mr. Heebner says. His fund currently has about 25 percent of its portfolio in technology stocks that are focused on the microcomputer business or small computers, including Apple Computer, Lotus Development, Digital Equipment, Telex and Seagate Technology.

MUTUAL FUNDS concentrating their investments in the Pacific Basin showed the best records among the internationals. The best performer in that group was the \$420 million Merrill Lynch Pacific Fund, which benefited from the sharp rise of Japanese stocks.

"Slightly less than 75 percent of our assets are currently invested in Japan," says Stephen L. Silverman, the portfolio manager. "We continue to favor property-casualty stocks, which have very conservative accounting practices that, in effect, hide their earnings dramatically." The fund's largest single holding is an Australian stock, AFP Investment Corp., a holding company that constitutes 7 percent of the portfolio.

Fidelity Overseas Fund, the industry's top performer in 1985, when it gained 75.68 percent, took seventh place last year with a return of 69.25 percent.

The \$6.5-billion Fidelity Magellan Fund, which is managed by Peter Lynch, shows the best performance for the 5, 10 and 15 years ended in 1986. Over 15 years, for example, its total return is 1,721.63 percent. Magellan rose 23.74 percent last year.

Natural resource and technology funds, along with small company growth funds, ranked among the laggards in 1986.

The two poorest performers — 88 Fund and American Heritage Fund — were among the smallest funds covered in the survey. The 88 Fund, based in Columbus, Ohio, invests only in Ohio-based companies. For the year, it showed a decline of 30.54 percent. The current market value of its portfolio is \$145,000.

American Heritage, based in New York City, has \$600,000 in net assets. It dropped 26.05 percent in value last year. At both organizations, officials said that, in large part, the poor performance was a function of the fund's size. For a small fund, they noted, the legal, accounting and other expenses can offset any performance gains.

© The New York Times



Bidding at the Chicago Mercantile Exchange on S&P 500 contracts. Funds with portfolio insurance make heavy use of index futures contracts.

IF SUCH WORRIES persist, regulators might eventually clamp down on program trading.

For now, however, program traders seem free to ply their trade. And, while the still-nascent strategy of insurance has yet to face the test of a prolonged bear market, practitioners insist the results have been pleasing so far. From Aug. 22 through Sept. 12, for example, when the S&P 500 plunged 7.8 percent, the RepublicBank-Skye fund reported a drop of about three-quarters of one percent.

With stories like that circulating, and with Wall Street's maturing bull market prompting jitters among investors, more insurance funds cannot be far behind.



Swiss Bank Corporation for institutional investors.

When you're looking at new markets, look up an old friend.

International portfolios are now in. Everybody's talking about sophisticated new techniques, new markets, new challenges. But when you've been in the business as long as we have, that's actually nothing new. A really meaningful innovation might be to draw up your own list of what you're looking for in the institutions that handle your accounts. Define your objectives and your questions. Then, let's talk it over. That's how the new ideas start to take shape. We know from experience.



Swiss Bank Corporation
Schweizerischer Bankverein
Société de Banque Suisse

The key Swiss bank

General Management in CH-4002 Basle, Aeschengplatz 6, and in CH-8022 Zurich, Paradeplatz 6. Over 200 offices throughout Switzerland. **Worldwide network** (branches, subsidiaries and representatives): **Europe:** Edinburgh, Frankfurt, London, Luxembourg, Madrid, Manchester, Monte Carlo, Paris. **North America:** Atlanta, Calgary, Chicago, Dallas, Houston, Los Angeles, Montreal, New York, San Francisco, Toronto, Vancouver. **Latin America:** Bogotá, Buenos Aires, Caracas, Lima, Mexico, Panama, Rio de Janeiro, São Paulo. **Caribbean:** Grand Cayman, Nassau. **Middle East:** Bahrain, Cairo, Tehran. **Africa:** Johannesburg. **Asia:** Hong Kong, Osaka, Singapore, Tokyo. **Australia:** Melbourne, Sydney.

Limas Zurich SBV 1886/1

DIAMONDS

YOUR BEST BUY

Single diamonds at wholesale prices by ordering direct from Antwerp, the world's most important cut-diamond market. Give diamonds to the ones you love, buy for investment, for your enjoyment. Write airmail for free price list or call us: **Joachim Goldstein** diamond expert BVBA. Established 1926. Pellissierstraat 62, B-2018 Antwerp, Belgium. Tel.: (02-3) 234.07.51. Telex: 71779 eyl b. at the Diamond Club Bldg. **Gold Medal** 1974, 1975, 1976, 1977, 1978, 1979, 1980, 1981, 1982, 1983, 1984, 1985, 1986, 1987.

Protect and build your wealth offshore in Jersey



DEPOSIT RATES		
US Dollar One month Min US\$ 10,000	Sterling Three months Min £5,000	Canadian Dollar One month Min C\$ 10,000
5 1/2% p.a.	10 3/4% p.a.	7 1/2% p.a.

• No tax deduction
• Interest paid gross on maturity
• Higher interest rates are negotiable on deposits exceeding £50,000
• Wide range of call and deposit accounts

When you bank with Royal Trust you benefit from the security and experience of one of Jersey's largest financial institutions and from the island's reputation for confidentiality. Apart from offering a wide range of deposit accounts in most major currencies we also provide:

- Savings accounts with chequing facilities.
- Foreign exchange arrangements.
- Loans and guarantees.
- International investment management.
- Offshore unit trust investments.
- Trust and company services.

Royal Trust is a wholly owned subsidiary of Royal Trustco one of Canada's largest financial institutions with a credit rating comparable with the major Canadian chartered banks.

For further information about opening an account or details of our other personal financial services please post the coupon below or call Mr. T. D. Wynn on Jersey 27441.

Copies of the latest audited accounts available on request from the Resident Managing Director. *Rates correct as time of going to press on 14th January 1987 but are reviewed daily.

Mr. T. D. Wynn, Royal Trust Bank (Jersey) Limited, PO Box 194, Royal Trust House, Colomberie, St Helier, Jersey, Channel Islands.

☐ I am interested in opening an account, please send me details.

☐ Please send me details of your other offshore financial services (specify).

Name _____

Address _____

Looking for a real estate buyer?

47%* of IHT readers invest in property/real estate (excluding main home). This means you can reach 80,000 potential purchasers through the

International Real Estate

section every Friday in the International Herald Tribune.

*Source: 1986 Reader Survey by Research Services Ltd., London.



THE TRADER

Short-Selling: OTC Data Debunks Some Myths

The publishing of monthly figures sheds some new light on this important market.

By Karen Polk

INVESTORS IN U.S. over-the-counter stocks have a new tool to help them pick their way through the more than 4,000 issues that trade through Nasdaq. Last November the National Association of Securities Dealers began publishing a monthly list of the "short interest" in stocks traded in the organization's computerized quotation system. Brokers and analysts alike welcome the availability of the information, which has long been used on U.S. stock exchanges. Short interest measures the total number of shares in a particular company that have been borrowed and sold by short-sellers. These are speculators who are betting that the stock will decline and allow them to turn a profit by replacing it at a lower price. Not surprisingly, it has been traditionally viewed as a gauge of investor sentiment.

Moreover, since every share borrowed must be "covered" at some point in the future, the practice provides a pool of eventual buyers. When the number of shares sold short is high, it could indicate a wave of buying in the future.

But experts caution that however beneficial the added information is to the OTC market, individual investors should take care in applying it in their decision-making.

The monthly listings are the result of a study undertaken by the NASD and released last July in answer to requests from the Securities and Exchange Commission to standardize reporting practices in the various markets. It was also done in response to

Sizing Up Short Sales

- Experts say short interest is generally not meaningful as a sentiment indicator unless it is equivalent to at least 10 to 20 percent of a company's total outstanding shares.
- Try to determine if reason for the short position. Ask your broker about recent research recommendations or arbitrage possibilities involving the company's stock.
- It is best to compare short interest data from month to month to determine if a short position is increasing or decreasing.
- To get a rough idea about how many days it would take to cover a short position, divide the monthly short interest total by the average daily trading volume. A short interest ratio of more than 1.5 has traditionally been viewed as a bullish indicator.

pressure from a number of companies that complained of what they believed to be excessive short selling in their stocks.

They claimed that the short-sellers artificially depressed the value of stocks. Although this is a common complaint when it comes to short-selling, it was an especially worrisome to the managers of the small-capitalization companies that populate the OTC market. And prior to the study, horror stories about short-selling abounded, with many investors suspecting that OTC stocks were routinely victimized by short-sellers.

The results of the study were surprising, however. There was far less short-selling in the OTC market than had been expected, and less than in the listed

exchanges. And when there was a significant short interest in a particular stock, it was often for all the right reasons: the fundamentals did not hold up under analysis and the stock took a plunge.

"The big surprise that the new data has shown is that everybody was expecting the OTC short sale figures to be so huge because there's so much shorting done in this marketplace, and that's simply not the case," says Alan DeVries, first vice president and retail national product manager for OTC equities at E.F. Hutton.

Many short sellers feel vindicated by the news and by what they have observed in the two listings that have been published to date. "Short-selling is a very legitimate market mechanism," says Jack A. Sullivan, who tracks OTC stocks for Van Kasper & Co., a San Francisco-based brokerage.

Moreover, many observers believe publishing short interest is a vital step in the development of the Nasdaq market.

"Each time the NASD has [made disclosures] there's been a flood of business coming in because there's more information for investors to make their decisions. If investors feel that the market is maturing, more people invest in it," says Peter DePuzzo, senior executive vice president of Shearson Lehman Brothers Inc. and head of its OTC trading desk.

Understanding this new mechanism and interpreting the information may take practice, however. The monthly published charts list the number of short positions in a stock, compare it to the previous month and sometimes list the average daily trading volume for that stock. But to take that information at face value and make a judgment on it, "would be too risky," says Eugene Finn, chief economist for the NASD.

The reason is that short figures do not always reflect the opinion that investors may have about a particular stock. If a company is also trading convertibles, warrants or options, it may be that arbitrageurs are short-selling a higher priced common stock while buying up other, possibly lower priced equivalent securities.

The NASD indicates potential arbitrage candidates on its list, but the association limits its search for arbitrage opportunities to instruments listed on

Nasdaq and the stock exchanges. Many companies in the OTC market, however, trade instruments equivalent with their common stocks through the daily "pink sheets" that are published by the National Quotation Bureau Inc. in Jersey City, New Jersey.

Of the 10 companies with the largest short interest listed in the December report, only four were flagged for arbitrageable instruments. But two others—Electromedics Inc., which manufactures electrical machinery, and Thousand Trails, which operates campgrounds—had warrants attached to them that were traded through the pink sheets.

In both instances, traders suspect that arbitrage activity contributed to the short position. In the case of Electromedics, the short interest was equivalent to 3.7 percent of its 42.5 million outstanding shares. For Thousand Trails, the figure stood at 34.5 percent, but its total float is only 4 million common shares.

Moreover, a sizeable short position might actually reflect a battle between supporters and short-sellers of a stock, which often creates wild price fluctuations. "The two groups are both acting on what they believe to be a correct analysis of the company. They are just differences of opinion," says Mr. Finn.

With the reporting still in its early stages, problems have already arisen. In the first listing, which appeared in late November, two stocks were reported to have short interest far above and below the actual figures. An investigation by the NASD uncovered a glitch in the software program that firms use to calculate the short positions, according to NASD officials. The discovery led to the reevaluation of all the November figures, and the NASD urged investors to use the revised November figures that were listed in the December charts.

But despite a troubled start, some experts are already drawing favorable conclusions based on the short interest data. The December listings of short interest, they note, showed a 3 percent decline over the revised November figures, compared to only a fractional decline in short interest on the Big Board. At the same time, prices were up on the listed exchanges while the NASDAQ composite index fell 2 percent—a sign of possible bargains for the new year.

Have all the advantages of a bank account in LUXEMBOURG, without actually being there.

To discover the advantages of banking in Luxembourg with BCC, all you have to do is simply mail the attached coupon. We will promptly despatch to you by airmail our booklet containing detailed information about banking in Luxembourg.

The BCC Group has offices in 72 countries, its Capital Funds exceed US\$1.510 million and total assets US\$16,500 million. The Head Office and branch of the Bank of Credit & Commerce International S.A., in Luxembourg enable you to make full use of the unique advantages offered in Luxembourg which include:-

1. Total confidentiality of investor's affairs by the laws of Luxembourg.
2. The benefits of being able to open and operate an account in Luxembourg without actually going there.
3. Investments and deposits made by non-residents are totally tax-free and there is no withholding tax on interest or dividends.
4. Luxembourg is a stable, prosperous financial centre in the heart of European Economic Community.

INTERNATIONAL AND PERSONAL BANKING IN LUXEMBOURG



Mail this coupon for your FREE copy of "International and Personal Banking in Luxembourg" to

BANK OF CREDIT AND COMMERCE INTERNATIONAL S.A. 18 BOULEVARD ROYAL, P.O. BOX 46 LUXEMBOURG, TELE: 1387 0021 LU

Name _____

Address _____

Phone _____

RHT 19/1

READ ANY GOOD ANNUAL REPORTS LATELY?

Investors Video Magazine provides company profiles in a form that's easily digested, clear, concise, and well informed — on video tape.

Each 60-minute tape brings you seven in-depth profiles of U.S. and European companies that expert analysis has shown to be low priced, high potential investment opportunities.

For less than the cost of a single trade, IVM lets you take a closer look at investment opportunities through on-the-spot interviews with management, an inside view of products and operations, plus expert analysis.

You may order the latest IVM cassette at the Special Introductory Offer price of \$16.50 or a whole year, six issues, at \$100.00, a saving of 21 percent off the regular single issue price. Send your cheque to:

Investors Video Magazine
27 Lexington Street
London W1R 3HQ

Don't forget to include your address and video system details:
VHS □ BETA □ PAL □ SECAM □ NTSC □
Allow 14 days for delivery. Add 15% VAT in U.K.

STRATEGY

Choosing the Right Dollar

Seeking haven in the one from Canada.

INVESTORS who have been overwhelmed by the turbulence that has surrounded European currencies and the dollar this month might want to take a second look at the Canadian dollar.

Last week, Merrill Lynch recommended that its clients overweight Canadian dollar instruments in their bond holdings. As a guide, Merrill doubled the exposure in their own model portfolio to 10 percent, while cutting back on Australian and New Zealand dollar instruments. Although it is nowhere near Merrill's suggested 25-percent exposure to West German government bonds, it is still significant considering that 3 percent is a normal weighting for Canadian dollar bonds.

Michael Rosenberg, head of international fixed-income research for Merrill Lynch, attributes the portfolio adjustment to a fondness for undervalued currencies. He argues that the Canadian dollar is one of the few major currencies that remains severely undervalued relative to the U.S. currency.

"It's a myth that the Canadian dollar and the U.S. dollar move in tandem," says Mr. Rosenberg. "After they were at parity back in 1976, the Canadian dollar has been in a declining trend. And we think that's been overdue."

Indeed, while the U.S. dollar continues to weaken, he says the Canadian dollar is on the verge of making some headway in 1987. He credits Canada's narrowing current account deficit as well as political pressure from Washington, which is seeking to reduce the U.S. trade deficit with Canada.

Mr. Rosenberg sees the U.S. currency possibly dropping to 1.32 Canadian dollars by the end of the year from its current level of about 1.37. "It's not keeping up with the Deutsche mark, but it's doing just fine for the Canadian dollar,"

Moreover, Mr. Rosenberg also likes the high yields available in Canadian instruments, which could work in favor of higher prices. As inflation in the United

Market Scoreboard

Stocks on the New York, London and Tokyo exchanges that showed the largest percentage gains and losses in December

GAINERS

	Percent Gain	Price Dec. 31
New York Stock Exchange:		
Compiled by Media General Financial Services. Prices in dollars		
Ranco Inc.	60	38.75
Joy Manufacturing	36	34.75
Owens-Corning Fiberglass	31	13.75
United Merchants	25	13.63
Recognition Equipment	25	15.50
Fabri-Centers America	24	11.75
XTA Corp.	22	26.88
Armada Corp.	21	13.25
Measures Corp.	20	42.50
Ingruent Technology	20	23.50

American Stock Exchange:

	Percent Gain	Price Dec. 31
Compiled by Morgan Stanley Capital International. Prices in dollars		
NV Homes L.P.	48	19.25
Hal Inc.	34	21.75
Chari Consolidated	32	12.00
Citizens 1st Bancorp	28	23.38
Big V Sprinkles, C.I.A.	24	14.00

Over the Counter:

	Percent Gain	Price Dec. 31
Compiled by Morgan Stanley Capital International. Prices in dollars		
Accuray Corp.	140	45.50
Pac. Southwest Air	55	16.00
Quip Inc.	48	20.00
Sigma Designs	39	17.75
Valek Inc.	36	10.75

London Stock Exchange:

	Percent Gain	Price Dec. 31
Compiled by Morgan Stanley Capital International. Prices in pence		
Assoc. Newspapers	29	409
Enterprise Oil	20	183
Britoil	15	172
Glaxo Holdings	14	1,048
Tricentrol	13	68
Leamco	12	182
Coalite Group	12	284
Natl. Westminster Bank	11	548
BBA Group	10	139
Hill Samuel	10	400

Tokyo Stock Exchange:

	Percent Gain	Price Dec. 31
Compiled by Morgan Stanley Capital International. Prices in yen		
Japan Air Lines	44	13,400
Sanouchi Pharm.	27	4,120
All Nippon Airways	24	1,140
Osaka Gas	23	529
Chugai Pharm.	22	1,540
Kajima	22	1,480
Izumiyama	21	2,090
Mitsui Warehouse	21	845
Nippon Unwac	21	1,740
Hitachi Zosen	20	134

LOSERS

	Percent Loss	Price Dec. 31
Compiled by Morgan Stanley Capital International. Prices in dollars		
International Tech.	36	15.00
ICN Pharmaceuticals	26	17.75
Tonka Corp.	25	19.88
Culbro Corp.	24	38.50
Borman's Inc.	23	17.63
Universa Matchbox	22	15.38
Farah Manufacturing	22	13.63
General Motors C.I.	21	24.85
Munsingwear Inc.	20	11.38
Shaklee Corp.	19	17.75

	Percent Loss	Price Dec. 31
Compiled by Morgan Stanley Capital International. Prices in dollars		
Wherehouse Entmt.	30	14.13
Levin Corp.	25	10.00
Newman & Lewis	21	11.75
Pauley Petroleum	20	10.00
Continental Material	19	20.25

	Percent Loss	Price Dec. 31
Compiled by Morgan Stanley Capital International. Prices in dollars		
Beaumont Corp.	33	10.75
Sound Warehouse Inc.	33	13.88
Southland Financial	32	13.50
Galileo Electro Opt.	30	25.00
American Ecology	30	14.00

	Percent Loss	Price Dec. 31
Compiled by Morgan Stanley Capital International. Prices in pence		
Mercury International	14	380
Guinness	13	288
Lex Services	12	283
Simon Engineering	12	296
Ward White Group	12	279
Scottish & Newcastle	9	200
Laura Ashley Holdings	9	188
Willis Faberodt	8	425
Morgan Grenfell	8	361
Sedgwick	8	302

	Percent Loss	Price Dec. 31
Compiled by Morgan Stanley Capital International. Prices in yen		
Fujiya	36	1,800
Mitsubishi Belting	21	2,150
Denki Kagaku Kogyo	21	377
Hattori Seiko	15	1,380
Japan Catalytic	15	1,000
Nintendo	14	12,200
Ebara	13	736
Toyo Kanetsu	12	297
Daiichi Chemical	12	520
Adventest	12	4,500

WIN \$* MILLIONS!

Strike it rich in Canada's Favorite Lottery.
You pick your own numbers playing Lotto 6/49

That's right... you can win millions by picking your own numbers playing Lotto 6/49—Canada's most popular Government Lottery. In fact, last year Lotto 6/49 paid out \$354,736,589.00 in ALL CASH PRIZES. And it's all free of Canadian taxes. There are two draws each week for a grand prize guaranteed to be not less than \$1,000,000.00 with many millions more in secondary prizes. Grand prizes often run into the millions and have been as high as \$13,890,588.80. Imagine what you could do with that much cash! This is your opportunity to find out because now you can play the lottery that's making so many millionaires in Canada.

WHAT IS LOTTO 6/49?

Lotto 6/49 is the official Canadian version of Lotto—the world's most popular form of lottery. It's the lottery in which you pick your own numbers and it's called "6/49" because you select any 6 of 49 possible numbers from 1 to 49. Your numbers are entered in the Lotto 6/49 computer system and if they match the six winning numbers chosen in the draw—you win the grand prize. Or if you have only 3, 4 or 5 numbers correct you win one of thousands of secondary prizes available.

HOW CAN I PLAY?

Complete the attached order form and send it to Canadian Overseas Marketing along with the necessary payment. Your numbers will automatically be entered for the specified length of time. You may select from 1 to 5 games for 10, 26, or 52 weeks. Each game

gives you another chance at the grand prize for every draw in which you are entered. You receive a "Confirmation of Entry" by return mail acknowledging your order and indicating the numbers you have selected as well as the draws in which they are entered.

HOW DO I KNOW WHEN I WIN?

You will be notified immediately when you win a prize of \$1,000.00 or more. Also, a complete list of all winning numbers will be sent to you after every tenth draw so that you can check along the way to see how you are doing. At the expiration of your subscription you will be sent a final statement of your winnings. All prize money will be converted to any currency you wish and confidentially forwarded to you anywhere in the world.

So mail your order today—the next big winner could be you.

PRIZE BREAKDOWN (Actual Sample of One Draw)

PRIZES	NO. OF PRIZES	PRIZE VALUE
1ST PRIZE 6 OUT OF 6 NUMBERS	1	\$13,890,588.80
2ND PRIZE 5 OUT OF 6 NUMBERS	10	\$445,481.50
3RD PRIZE 4 OUT OF 6 NUMBERS	716	\$3,704.70
4TH PRIZE 3 OUT OF 6 NUMBERS	46,917	\$139.30
5TH PRIZE 2 OUT OF 6 NUMBERS	985,112	\$10.00
TOTAL PRIZES	1,014,736	TOTAL PRIZE VALUE \$27,443,232.10

* All prizes quoted in Canadian dollars.
1st, 2nd, 3rd, and 4th prizes are calculated on a percentage of the total prize pool. Since the prize pool fluctuates from draw to draw, the size of the prizes will vary less than the size of the prize shown above.

Canadian Overseas Marketing
P.O. Box 48120, Suite 1703-595 Burrard St.,
Vancouver, B.C., Canada V7X 1S4
Tel: 604-578-2222

ORDER TODAY!

Mark six numbers on each game board you wish to play



PICK YOUR PLAN — Check only one box below next to the option of your choice. ALL PRIZES IN U.S. FUNDS

FREE BONUS — INCLUDES 2 DRAWS FREE — INCLUDES 4 DRAWS FREE

	10 WEEKS (20 Draws)	26 WEEKS (52 Draws)	52 WEEKS (104 Draws)
1 Game	\$ 45.	\$112.	\$ 225.
2 Games	\$ 90.	\$225.	\$ 450.
3 Games	\$135.	\$337.	\$ 675.
4 Games	\$180.	\$450.	\$ 900.
5 Games	\$225.	\$562.	\$1125.
6 Games	\$270.	\$675.	\$1350.

VALID ONLY WHERE LEGAL
NOT AVAILABLE TO RESIDENTS OF SINGAPORE

CANADIAN OVERSEAS MARKETING ORDER FORM

EACH BOARD = 1 GAME MARK 6 NUMBERS ON EACH BOARD YOU WISH TO PLAY

1 10 20 30 40	2 10 20 30 40	3 10 20 30 40	4 10 20 30 40	5 10 20 30 40	6 10 20 30 40
1 11 21 31 41	1 11 21 31 41	1 11 21 31 41	1 11 21 31 41	1 11 21 31 41	1 11 21 31 41
2 12 22 32 42	2 12 22 32 42	2 12 22 32 42	2 12 22 32 42	2 12 22 32 42	2 12 22 32 42
3 13 23 33 43	3 13 23 33 43	3 13 23 33 43	3 13 23 33 43	3 13 23 33 43	3 13 23 33 43
4 14 24 34 44	4 14 24 34 44	4 14 24 34 44	4 14 24 34 44	4 14 24 34 44	4 14 24 34 44
5 15 25 35 45	5 15 25 35 45	5 15 25 35 45	5 15 25 35 45	5 15 25 35 45	5 15 25 35 45
6 16 26 36 46	6 16 26 36 46	6 16 26 36 46	6 16 26 36 46	6 16 26 36 46	6 16 26 36 46
7 17 27 37 47	7 17 27 37 47	7 17 27 37 47	7 17 27 37 47	7 17 27 37 47	7 17 27 37 47
8 18 28 38 48	8 18 28 38 48	8 18 28 38 48	8 18 28 38 48	8 18 28 38 48	8 18 28 38 48
9 19 29 39 49	9 19 29 39 49	9 19 29 39 49	9 19 29 39 49	9 19 29 39 49	9 19 29 39 49

Make Cheque or Bank Draft (in U.S. Funds) payable to: Canadian Overseas Marketing and Mail to: P.O. Box 48120, Suite 1703-595 Burrard St., Vancouver, B.C., Canada V7X 1S4

NAME _____ TELEPHONE _____

ADDRESS/P.O. BOX _____

CITY _____ COUNTRY _____

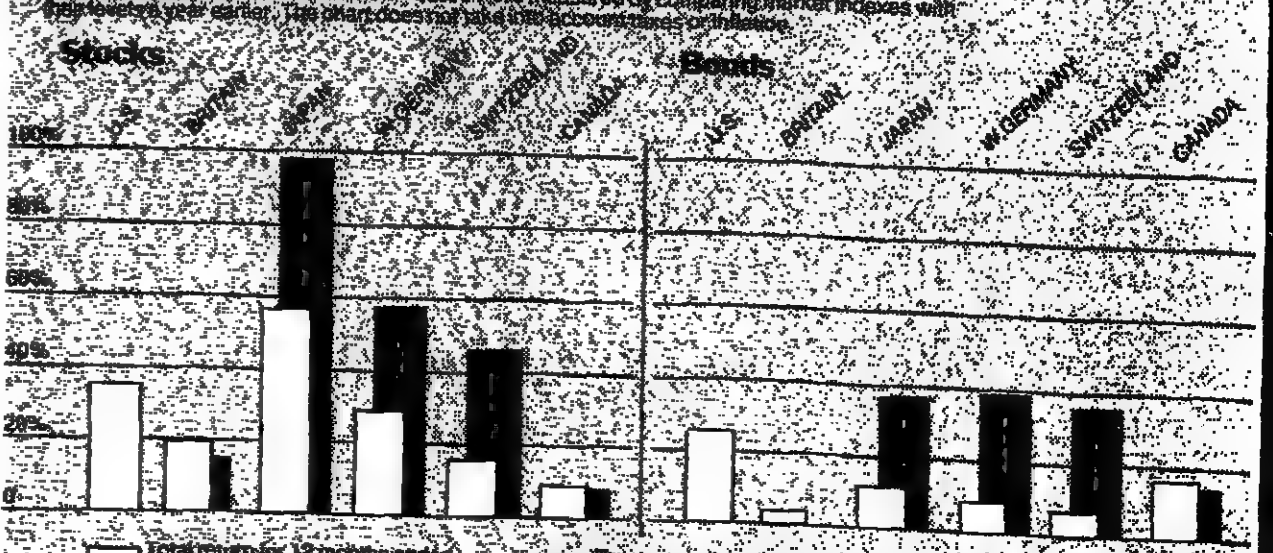
☐ Cheque ☐ Bank Draft ☐ CREDIT CARD NUMBER _____

☐ VISA ☐ MASTERCARD ☐ AMERICAN EXPRESS ☐ DISCOVER

SIGNATURE _____

Total Return for 12 Months

Total return measures the performance of an investment in relation to the return on a risk-free investment. It includes both capital gains and income. The chart shows the total return for 12 months ending November 1986 for various countries.



Jan 16

Prices may vary according to market conditions and other factors.

10

... ..

... ..

1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 2266, 2267, 2268, 2269, 2270, 2271, 2272, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2286, 2287, 2288, 2289, 2290, 2291, 2292, 2293, 2294, 2295, 2296, 2297, 2298, 2299, 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2312, 2313, 2314, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2325, 2326, 2327, 2328, 2329, 2330, 2331, 2332, 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2340, 2341, 2342, 2343, 2344, 2345, 2346, 2347, 2348, 2349, 2350, 2351, 2352, 2353, 2354, 2355, 2356, 2357, 2358, 2359, 2360, 2361, 2362, 2363, 2364, 2365, 2366, 2367, 2368, 2369, 2370, 2371, 2372, 2373, 2374, 2375, 2376, 2377, 2378, 2379, 2380, 2381, 2382, 2383, 2384, 2385, 2386, 2387, 2388, 2389, 2390, 2391, 2392, 2393, 2394, 2395, 2396, 2397, 2398, 2399, 2400, 2401, 2402, 2403, 2404, 2405, 2406, 2407, 2408, 2409, 2410, 2411, 2412, 2413, 2414, 2415, 2416, 2417, 2418, 2419, 2420, 2421, 2422, 2423, 2424, 2425, 2426, 2427, 2428, 2429, 2430, 2431, 2432, 2433, 2434, 2435, 2436, 2437, 2438, 2439, 2440, 2441, 2442, 2443, 2444, 2445, 2446, 2447, 2448, 2449, 2450, 2451, 2452, 2453, 2454, 2455, 2456, 2457, 2458, 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468, 2469, 2470, 2471, 2472, 2473, 2474, 2475, 2476, 2477, 2478, 2479, 2480, 2481, 2482, 2483, 2484, 2485, 2486, 2487, 2488, 2489, 2490, 2491, 2492, 2493, 2494, 2495, 2496, 2497, 2498, 2499, 2500, 2501, 2502, 2503, 2504, 2505, 2506, 2507, 2508, 2509, 2510, 2511, 2512, 2513, 2514, 2515, 2516, 2517, 2518, 2519, 2520, 2521, 2522, 2523, 2524, 2525, 2526, 2527, 2528, 2529, 2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2542, 2543, 2544, 2545, 2546, 2547, 2548, 2549, 2550, 2551, 2552, 2553, 2554, 2555, 2556, 2557, 2558, 2559, 2560, 2561, 2562, 2563, 2564, 2565, 2566, 2567, 2568, 2569, 2570, 2571, 2572, 2573, 2574, 2575, 2576, 2577, 2578, 2579, 2580, 2581, 2582, 2583, 2584, 2585, 2586, 2587, 2588, 2589, 2590, 2591, 2592, 2593, 2594, 2595, 2596, 2597, 2598, 2599, 2600, 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2626, 2627, 2628, 2629, 2630, 2631, 2632, 2633, 2634, 2635, 2636, 2637, 2638, 2639, 2640, 2641, 2642, 2643, 2644, 2645, 2646, 2647, 2648, 2649, 2650, 2651, 2652, 2653, 2654, 2655, 2656, 2657, 2658, 2659, 2660, 2661, 2662, 2663, 2664, 2665, 2666, 2667, 2668, 2669, 2670, 2671, 2672, 2673, 2674, 2675, 2676, 2677, 2678, 2679, 26

OTC Consolidated trading for week ended Friday. Jan. 16

OTC Consolidated trading for week ended Friday. Jan. 16

[illegible]

Mutual Funds

	Bid	Ask
Magi	12.08	N
South	16.09	N
Boat	14.98	N
Bowser	3.04	N
Bradywn	13.39	N
Brucos	118.93	N
Bull & Bear Co.		
Comdr	11.42	N
Eating	11.74	N
Getson	14.13	N
HYLD	12.74	N
TrFrse	15.06	N
USGovt	18.48	N

Mid	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
Mid	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
Mid	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
Mid	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
Mid	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
Mid	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
Mid	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
Mid	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
Mid	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
Mid	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
Mid	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
Mid	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
Mid	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
Mid	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
Mid	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
Mid	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
Mid	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
Mid	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
Mid	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
Mid																																																																																											

(Continued on next page)

SPORTS

'Stripes' Has New Zealand Against the Wall

Conner Wins by 3:38; Kiwis Trail, 3-1, Call for Time-Out After 'Disaster Day'

By Angus Phillips
Washington Post Service

FREMANTLE, Australia — For three and a half months, New Zealand built a record of unparalleled efficiency on the water in its first America's Cup campaign. On Saturday, the walls came crashing down.

"We had what we call a disaster day," said skipper Chris Dickson. "We're just going to have the boat back in one piece and all 11 men home safe."

But he wasn't happy about the 3-minute, 38-second thrashing at the hands of Dennis Conner's Stars & Stripes, which leaves New Zealand down by 3-1 in the best-of-seven final series to pick a cup challenger.

Meanwhile, in the defender finals, Kookaburra III continued its domination of Australia IV with a 2:06 victory that produced a commanding 5-0 lead in the best-of-nine series to pick a defender (see story, below).

The New Zealanders called for their second and last lay day on Sunday to regroup, to install a new mast, to decide on a new mainmast and to try to find a way to stay alive in a regatta they had been favored to win only four days previously.

Much went wrong on a wild day of big winds and six-foot Indian Ocean seas, but most of the problems were traced to one massive misadventure at the end of the second leg, when New Zealand's hopes of a triumph went out with a bang, not a whimper.

"New Zealand trailed by half a minute at the time and was having minor gear problems as it sped downwind under a ballooning spinnaker in 25 knots of wind."

As the New Zealanders approached the second turning mark, a zipper on the mainmast sail tore, making the sail too full, and a man was aloft trying to zip it shut. When the job took too long, the crew wound up heaving down the spinnaker and still maneuver around the buoy under control.

"The only thing I can call it is a crash jibe," said Dickson of what happened next — when the 25-foot-long (7.62-meter) aluminum boom at the bottom of the mainmast came flailing across the deck out of control as the boat turned sharply before the wind.

Crashing uncontrolled under a tremendous load, the boom and mainmast knocked out electronic instruments at the transom and the top of the mast, clipped the backstay that helps support the mast, broke the masthead crane

that holds the mainmast up and bent the mast.

New Zealand was in chaos. "We were happy to have a rig [mast] in at all," when it was over, said Dickson.

Crippled, New Zealand went limping into the wind up the third leg with sails flapping and broken rigging flapping crazily, while Conner's crew opened a decisive lead.

It was an uncharacteristic foul-up, for New Zealand has boasted

the best crew work of any team all season after spending nine months practicing here. What went wrong?

"They looked nervous out there," said Tom Whidden, tactician for Stars & Stripes. "Maybe the Maori dancers trying to put a spell on us this morning backfired on them."

Indeed, it had been another morning of unbridled excitement around the New Zealand dock, where thousands gathered to see the boat off, including 20 native New Zealand tribesmen in a Maori canoe chanting a dirge.

But as it turned out, Conner's team suffered not a whisker of trouble, sailing effortlessly through the heavy winds, which topped out at 28 knots, in their smoke-blue yacht. Meanwhile, the New Zealanders had more bad luck coming.

Ten seconds after they crossed the finish line, their mainmast exploded as a seam gave way under the stress.

The mast took half an hour to clear. The tattered sail was stuck in the hoisted position, but because of the earlier damage there were no lines to haul a man to the top to get it down. Dickson said that after much consultation, "We decided there was no safe way to do it, so we looked around for volunteers" and sent boomman Earle Williams aloft.

Williams took several minutes to climb up the 90-foot mast, going the last 25 feet hand-over-hand with no support.

At top, hanging by one hand and two legs, he backed the head of the mainmast off with a pocketknife until the tatters came tumbling to the deck.

The crash jibe bent and ruined the mast, so on Sunday the New Zealanders were to fit a new one. They were also to work on repairing the destroyed electronic gear and pick a replacement for the backstay that helps support the mast, broke the masthead crane

The last-minute fiasco should do nothing for Dickson's confidence entering what could be his final race of the 1987 cup.

His confidence may already be on the edge. "The way the Kiwis sailed today was very, very curious," said Whidden, who expected them to attack Stars & Stripes aggressively after they won the third race of the series Friday on the strength of superior tacking and maneuvering.

But on Saturday, Dickson allowed Conner a clear path at the starting line, and the California skipper sped out to clear air.

Dickson let it become a drag race instead of a tactical duel, playing to Conner's strength.

Halfway up the first leg, Whidden turned to his skipper and said: "We've got 'em, as long as we don't screw up."

Dickson apologized to Conner for the poor performance, but Conner, relieved to be in a commanding position in the series, said happily: "That's quite all right."

Barring a complete turnaround, Conner seems assured now of getting his chance to win back the cup. In 1983, he was the first American to lose it, when his Liberty fell to Australia II.

In a celebratory move, Conner invited fans clustered around the gate to his dock to come inside

Whidden caught the interloper in the act, grabbed him by the scruff of the neck and threw him out, saying: "You're out of here, pal. We like our boat."

Surprisingly, Dickson confirmed that the New Zealanders, if they are eliminated, are inclined to help the Australian defender prepare for the cup races against Conner, rather than offering aid to Stars & Stripes.

Historically, challengers help one another and defenders help each other gear up for the cup finals. But Dickson said his syndicate chiefs think it would be in their interests, if the New Zealanders don't win, for the cup to revert to the Southern Hemisphere, where New Zealand can mount another moderately priced challenge in 1990.

Conner said if he were to be eliminated, he would offer his help to the New Zealanders, as is the tradition.

Conner wouldn't say so, but others in his camp said the New Zealanders could provide valuable information to an Australian defender about Stars & Stripes' strengths and weaknesses.

Australia IV Has Lost Its Advantage in Heavy Air

Compiled by Our Staff From Dispatches

FREMANTLE, Australia — Its loss Saturday in the kind of weather in which it has prospered all season gave weight to the theory that something was done to Australia IV's hull or keel during the recent break between trials to slow it down.

You have to figure Australia IV is going slower," said John Marshall, design chief for Stars & Stripes, the top challenger contender. "Kookaburra III wasn't out of the water long enough for anything major to be done to her to improve that much."

Marshall's theory is that some minor change to the wings on Australia IV's keel has fouled up its performance, and now that the final series is started the boat is stuck with it, since regatta rules forbid further changes.

With the increasing likelihood that Stars & Stripes and Kookaburra III will meet Jan. 31 to begin racing for yachting's top prize, Marshall said he was unsure of how

fast Kookaburra is. "I'm going to have to do some work on that," he said.

On Saturday, Kookaburra III handled breezes up to 28 knots with surprising ease; Australia IV throughout the season has been struggling competitively with Kookaburra III and has held an edge in heavy air. But now, after three straight losses in winds from 16 to 28 knots, Australia IV seems to have no advantage in any condition.

"The races have become drag races, and there's no problem with that," said Ian Murray, 28, who helped design and build all three Kookaburras and now skips the best of them.

Peter Gilmour, the backup Kookaburra skipper, overseas Saturday's pre-race maneuvering for the fourth straight race and powered over the line with a three-second advantage.

The contest was never closer after Kookaburra III slipped to a 23-second lead on the first leg and

stretched it to 1:12 by the third mark.

As Colin Beahel jibed around the wing mark, Australia IV's spinnaker pole swung loose, striking boomman Daniel Fawcett on the head. Beahel struggled to keep the mast from spinning out of control. Fawcett fell to the deck on his hands and knees, holding his head, as Beahel battled to reset the spinnaker. Fawcett sustained a minor concussion and scalp lacerations.

Kookaburra III then gained 45 seconds to round the sixth buoy with a 1:38 edge. Murray, rowling in the blustery winds, opened a 2:01 bulge at the seventh buoy.

Australia IV called a lay day Sunday, during which its crew will try to improve its performance, said spokesman Vern Reid. "Obviously we will continue to fight until the last race," he said.

Following earlier losses to Kookaburra III by 1:34 and 0:46 — Reid said, "It is becoming obvious that in the wind and sea conditions experienced over the past two days

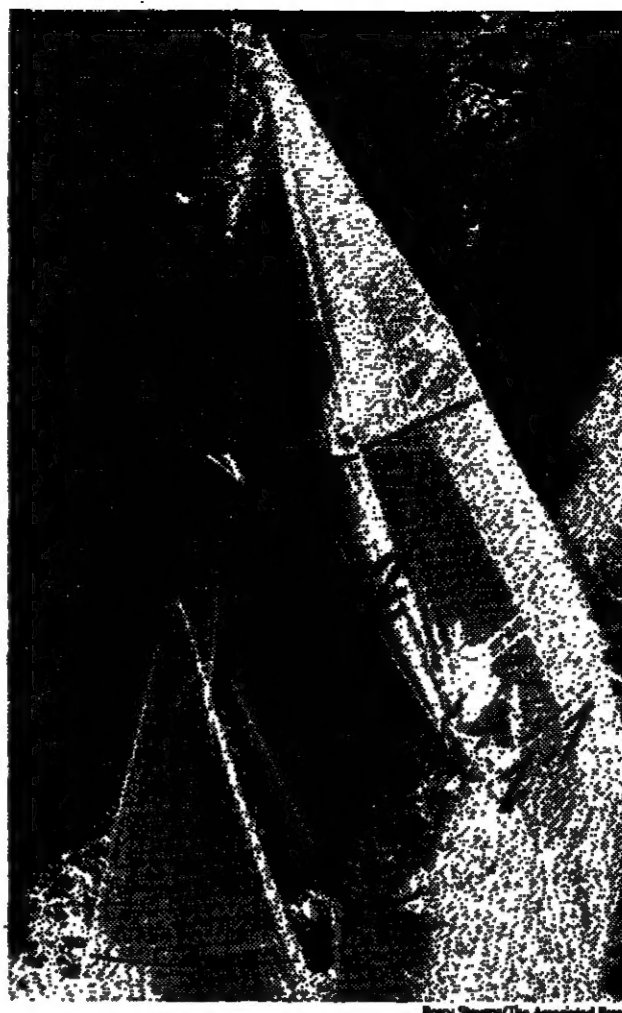
we must improve our upwind performance."

Australia IV is the flagship of Alan Bond, the West Australian millionaire who spent 10 years trying to wrest the cup from the New York Yacht Club before he succeeded in 1983 with the radical, winged-keel Australia II.

Now, with Australia IV near elimination, Bond appears likely to fail to defend the cup he worked so long to win.

The Perth multimillionaire pointed out that he was down by 3-1 to Dennis Conner's Liberty in 1983 before coming back to win with Australia II and the breakthrough. But the skipper of Australia II's triumph, John Bertrand, said of the syndicate's current situation, "It's desperation stuff."

"There's always a chance," said Bertrand, who is not racing in this competition. "They're off the pace. But we're seeing a bigger difference than before between Kookaburra and Australia IV." (WP, UPI)



Boatman Earle Williams went precariously aloft on Saturday to hack away at the head of New Zealand's shredded mainmast.

Sukova, Leconte Lead Exodus in Melbourne, But Top Seeds Advance

Compiled by Our Staff From Dispatches

MELBOURNE — Fourth-seed Helena Sukova of Czechoslovakia and No. 6 Martina Navratilova of Bulgaria were upset Sunday in the

Australian Open

Australian Open tennis tournament, as were No. 5 men's seed Henri Leconte of France and No. 7 Brad Gilbert of the United States.

The women's top two seeds, Martina Navratilova of the United States and Hana Mandlikova of Czechoslovakia, gained the quarterfinals, as did No. 3 Pam Shriver, No. 7 Zina Jiricova of the Soviet Union, No. 5 Claudia Kohde-Kilsch of West Germany, No. 10 Catarina Lindqvist of Sweden, who beat Malvea, and Elizabeth Smylie of Australia, who ousted Sukova.

Third-seeded Yannick Noah of France, launching his first serious attempt in a grass-court tournament, moved into the men's fourth round with a 7-6 (7-4), 4-6, 4-6, 7-6 (7-2), 6-4 victory over American Brad Gilbert.

On Saturday, Ivan Lendl, the world's No. 1 player, beat Matt Anger of the United States, 6-4, 6-2, 6-7 (5-7), 6-2, and No. 2 Boris Becker of West Germany defeated Slobodan Zvezonovic of Yugoslavia, 6-3, 6-3, 3-6, 6-3, to advance into the fourth round along with No. 4 Stefan Edberg of Sweden, the defending champion; No. 6 Miloslav Mecir of Czechoslovakia; No. 9 Andrei Jarryd of Sweden and No. 14 Tim Wilkison of the United States.

Navratilova, seeking her 16th grand slam singles title, defeated young Janine Thompson of Australia, 6-4, 6-1. But Sukova, who upset Navratilova here in 1984 (ending a 74-match winning streak), was herself upset by Smylie, 7-5, 3-6, 7-5. Lindqvist beat Malvea, 6-3, 6-3. Leconte was eliminated by U.S. Davis Cupper Paul Amato, who

rallied from two sets down in his second successive match to win by 1-6, 4-6, 6-3, 6-4, 10-8. Australian Peter Doolan, who is ranked 297th in the world, then upset No. 8 Kevin Curren of the United States, a former Wimbledon and Australian Open finalist, 4-6, 6-3, 6-4, 6-4, 6-4.

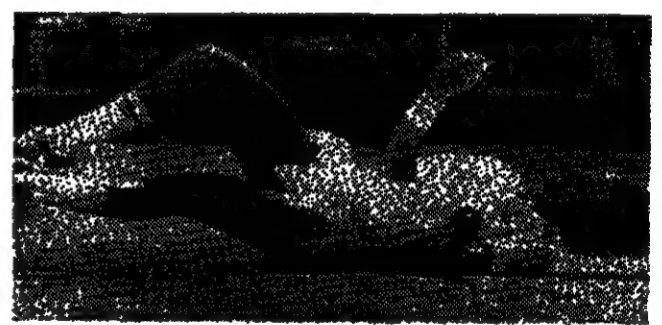
After the first two sets, Leconte appeared headed for an easy victory. But Amato began serving magnificently and forced Leconte into many ground-stroke errors with his deep forehand volleys.

No. 13 Robert Seguso of the United States, who has been troubled by torn knee cartilage for some months, got past Javier Frana of Argentina, 6-3, 3-6, 7-6 (7-5), 6-4, but said "there is no way I can beat Edberg" in the round of 16.

"It's a miracle I got this far," he added. "I've about eight hours' practice since the U.S. Open in September, and I wanted to pull out before the tournament started. But the officials told me I had to play."

Mandlikova defeated No. 12 Carling Bassett of Canada, 6-2, 4-6, 6-2; Shriver routed No. 14 Jo Durie of Britain, 6-1, 6-2; Garrison eliminated No. 11 Wendy Turnbull of Australia, 6-1, 6-3; McNeil rallied from a 1-5 first-set deficit to defeat Anne Hobbs of Britain 7-6 (7-4), 6-3, and Kohde-Kilsch stopped fellow West German Sylvia Hanika, 6-3, 6-1.

Lendl, who is trying to win his first grass-court grand slam title, next plays NCAA champion Dan Goldie of the United States, who served superbly in the final two sets to upset No. 16 Ramon Krikanian of India, 3-6, 7-5, 6-7 (5-7), 6-2. Krikanian, a stylish grass-court player, reached Wimbledon's quarterfinals last year, but Goldie, 23, playing in only his fourth tournament on grass, finished him off with three aces in the match's final game. (AP, UPI)



No. 4 seed Helena Sukova, down and out of the Australian Open.

SCOREBOARD

Hockey

NHL Standings

Wales Conference			
Team	W	L	Pts
Edmonton	11	7	24
Calgary	10	8	20
Winnipeg	10	8	20
Pittsburgh	10	8	20
San Jose	9	9	18
Los Angeles	8	10	16
Phoenix	7	11	14
San Jose	7	11	14
Los Angeles	7	11	14
Phoenix	7	11	14

Adams Conference			
Team	W	L	Pts
Montreal	11	7	24
Quebec	10	8	20
Ottawa	10	8	20
Buffalo	10	8	20
Calgary	9	9	18
Edmonton	8	10	16
Phoenix	7	11	14
San Jose	7	11	14
Los Angeles	7	11	14
Phoenix	7	11	14

Campbell Conference			
Team	W	L	Pts
Atlanta	11	7	24
San Jose	10	8	20
Los Angeles	10	8	20
Phoenix	10	8	20
San Jose	9	9	18
Los Angeles	8	10	16
Phoenix	7	11	14
San Jose	7	11	14
Los Angeles	7	11	14
Phoenix	7	11	14

Patrick's Results			
Team	W	L	Pts
San Jose	11	7	24
San Jose	10	8	20
San Jose	10	8	20
San Jose	10	8	20
San Jose	9	9	18
San Jose	8	10	16
San Jose	7	11	14
San Jose	7	11	14
San Jose	7	11	14
San Jose	7	11	14

Saturday's Results

Wales Conference			
Team	W	L	Pts
Edmonton	11	7	24
Calgary	10	8	20
Winnipeg	10	8	20
Pittsburgh	10	8	20
San Jose	9	9	18
Los Angeles	8	10	16
Phoenix	7	11	14
San Jose	7	11	14
Los Angeles	7	11	14
Phoenix	7	11	14

Adams Conference			
Team	W	L	Pts
Montreal	11	7	24
Quebec	10	8	20
Ottawa	10	8	20
Buffalo	10	8	20
Calgary	9	9	18
Edmonton	8	10	16
Phoenix	7	11	14
San Jose	7	11	14
Los Angeles	7	11	14
Phoenix	7	11	14

Campbell Conference			
Team	W	L	Pts
Atlanta	11	7	24
San Jose	10	8	20
Los Angeles	10	8	20
Phoenix	10	8	20
San Jose	9	9	18
Los Angeles	8	10	16
Phoenix	7	11	14
San Jose	7	11	14
Los Angeles	7	11	14
Phoenix	7	11	14

Patrick's Results			
Team	W	L	Pts
San Jose	11	7	24
San Jose	10	8	20
San Jose	10	8	20
San Jose	10	8	20
San Jose	9	9	18
San Jose	8	10	16
San Jose	7	11	14
San Jose	7	11	14
San Jose	7	11	14
San Jose	7	11	14

Australian Open

Men			
Round	Winner	Score	Defeated
First Round	John McEneaney (AUS)	6-4, 6-2, 6-4	John McEneaney (AUS)
Second Round	John McEneaney (AUS)	6-4, 6-2, 6-4	John McEneaney (AUS)
Third Round	John McEneaney (AUS)	6-4, 6-2, 6-4	John McEneaney (AUS)
Fourth Round	John McEneaney (AUS)	6-4, 6-2, 6-4	John McEneaney (AUS)
Fifth Round	John McEneaney (AUS)	6-4, 6-2, 6-4	John McEneaney (AUS)
Sixth Round	John McEneaney (AUS)	6-4, 6-2, 6-4	John McEneaney (AUS)
Seventh Round	John McEneaney (AUS)	6-4, 6-2, 6-4	John McEneaney (AUS)
Eighth Round	John McEneaney (AUS)	6-4, 6-2, 6-4	John McEneaney (AUS)
Ninth Round	John McEneaney (AUS)	6-4, 6-2, 6-4	John McEneaney (AUS)
Tenth Round	John McEneaney (AUS)	6-4, 6-2, 6-4	John McEneaney (AUS)

Women			
Round	Winner	Score	Defeated
First Round	John McEneaney (AUS)	6-4, 6-2, 6-4	John McEneaney (AUS)
Second Round	John McEneaney (AUS)	6-4, 6-2, 6-4	John McEneaney (AUS)
Third Round	John McEneaney (AUS)	6-4, 6-2, 6-4	John McEneaney (AUS)
Fourth Round	John McEneaney (AUS)	6-4, 6-2, 6-4	John McEneaney (AUS)
Fifth Round	John McEneaney (AUS)	6-4, 6-2, 6-4	John McEneaney (AUS)
Sixth Round	John McEneaney (AUS)	6-4, 6-2, 6-4	John McEneaney (AUS)
Seventh Round	John McEneaney (AUS)	6-4, 6-2, 6-4	John McEneaney (AUS)
Eighth Round	John McEneaney (AUS)	6-4, 6-2, 6-4	John McEneaney (AUS)
Ninth Round	John McEneaney (AUS)	6-4, 6-2, 6-4	John McEneaney (AUS)
Tenth Round	John McEneaney (AUS)	6-4, 6-2, 6-4	John McEneaney (AUS)

Transition			
Round	Winner	Score	Defeated
First Round	John McEneaney (AUS)	6-4, 6-2, 6-4	John McEneaney (AUS)
Second Round	John McEneaney (AUS)	6-4, 6-2, 6-4	John McEneaney (AUS)
Third Round	John McEneaney (AUS)	6-4, 6-2, 6-4	John McEneaney (AUS)
Fourth Round	John McEneaney (AUS)	6-4, 6-2, 6-4	John McEneaney (AUS)
Fifth Round	John McEneaney (AUS)	6-4, 6-2, 6-4	John McEneaney (AUS)
Sixth Round	John McEneaney (AUS)	6-4, 6-2, 6-4	John McEneaney (AUS)
Seventh Round	John McEneaney (AUS)	6-4, 6-2, 6-4	John McEneaney (AUS)
Eighth Round	John McEneaney (AUS)	6-4, 6-2, 6-4	John McEneaney (AUS)
Ninth Round	John McEneaney (AUS)	6-4, 6-2, 6-4	John McEneaney (AUS)
Tenth Round	John McEneaney (AUS)	6-4, 6-2, 6-4	John McEneaney (AUS)

European Soccer			
Round	Winner	Score	Defeated
First Round	John McEneaney (AUS)	6-4, 6-2, 6-4	John McEneaney (AUS)</

LANGUAGE

Some Arcane Prolepses

By William Safire

WASHINGTON—One of the last of the leading personalities of World War II visited Taiwan last month. Madame Chiang Kai-shek, 86, was asked by her stepson, President Chiang Ching-kuo, to issue a statement endorsing his political reforms.

She made her statement, but The Economist's reporter in Taipei wrote: "the language was so arcane that it baffled interpretation."

Madame Chiang said this: "I am fully cognizant of a prolepsis of malicious misreading of my thought given to you here."

Prolepsis means "an anticipating." In the expanding language of media-bashing, it means the false description of an event before the event has taken place; a theater critic will write a prolepsis review of a play that has not yet had its first performance. In rhetoric, prolepsis is the anticipation of your opponent's argument, summarizing what he is likely to say in a slanted fashion and demolishing his point before he has a chance of advancing it himself.

It's a super trick and I do it all the time, thanks to Madame Chiang. I now know the name for it. In return, let me edit and repunctuate her sentence for those who find it arcane (in the Latin *arcana*, "shut in, hidden"): "I am fully cognizant (better to use *well aware*) of prolepsis—the technique of maliciously misreading my thoughts—that has been given to you here." That could be followed by quoting Edward VIII's abdication speech, opening: "As long as I am able to say a few words of my own."

I, too, was perplexed by her statement because *prolepsis* is easily confused with *paralepsis*, which means "the technique of pointing something out while denying you are pointing it out."

In a speech during her visit, Madame Chiang deplored the way the free world had offered victory "as corban to the voracious appetite of the bear." Corban is from a Hebrew word for "sacrifice" and can still be found in unabridged dictionaries meaning "offering."

She noted with disdain the "prevailing provocations" of some commentators. It goes without saying that Madame Chiang thinks the

media should be ashamed of its liberal bias. (In that last sentence, the *prolepsis* is the unfair assumption of her likely argument, and the *paralepsis* is the saying of what is said to go without saying.)

It began in a New York minute after a recent piece about geographical derogations, the use of place names as modifiers to sneer at a trait or an occupation. My colleague Russell Baker passed along a cryptic message—"Larchmont lockjaw"—which I took to mean the pronunciation affected by supplies. I then passed it along as the speech affected by "upper-class lowerclassmen returning to suburbia."

"The correct phrase is *Locust Valley lockjaw*," insists Arthur Knapp Jr. of Larchmont, New York, where the Larchmont Yacht Club faces Locust Valley, across the Long Island Sound barrier. He claims that locution denotes the speech of "the yacht-racing members of the highly social Seawanhaka Corinthian Yacht Club located on Oyster Bay, many of whom live in or around Locust Valley."

"The Larchmont lockjaw to which you referred is also known as *Locust Valley lockjaw* and *Main Line malocclusion*," writes Eve Golden of New York City.

Well, which is it to be—Larchmont or Locust Valley? Willard Epy, the wordsman whose most recent book is "Words to Rhyme With: A Rhyming Dictionary," recalls, "In the early 1930s, the expression *Locust Valley lockjaw* was generally restricted to certain upper-class families from Westchester County, and the affliction was presumably the fault of the schools they attended."

However, recent print citations tend to place the locus on Long Island's North Shore. In a 1981 article in The New York Times on learning to be a preppie at age 37, Rita Esposito Watson wrote, "One lovely lady—with *Locust Valley lockjaw*—asked, 'How, my dear, are you going to manage graduate school in tuxedo-tie quarters while out-housed school?' A year later, in the same publication, Charlotte Curtis described an effusion by Gloria Vanderbilt as coming "in that locution so redolent of *Locust Valley lockjaw*."

New York Times Service

John Adams's Eclectic Music

By K. Robert Schwarz
New York Times Service

NEW YORK—At first glance, the music of John Adams appears to consist of irreconcilable elements. Long an admirer of Minimalism, Adams has absorbed and personalized a musical language that derives from that of Steve Reich. Yet he has taken the Minimalist heritage and disposed with its old austerity, employing its gestures within a highly expressive, almost Romantic context. The unexpected combination of Minimalism and Romanticism that ensues seems, in his hands, to present no conflict at all.

Perhaps that is because the two sides of Adams's music reflect two equally different parts of his personality. Like most composers with an abiding interest in Minimalism, Adams is fascinated with repetitive rhythmic patterns. Yet he is also thoughtful and introspective, spicing his conversation with casual references to Jung and Nietzsche, and that subjective side is equally prominent in his music. Recently, during John Cage and chance processes, next, he experimented with electronics; finally, he discovered the music of Steve Reich, which made the most profound impression.

His "Phrygian Gates" for piano (1977-78) and "Shaker Loops" for string septet (1978) betray Reich's influence in their repeated patterns, but their directionalized sweep and impassioned climaxes already indicate Adams's own voice. "What sets me apart from Reich and Glass," Adams says, "is that I am not a minimalist. I embrace the whole musical past, and I don't have the kind of refined, systematic language that they have. I rely a lot more on my intuitive sense of balance."

This became even more evident in Adams's "Harmonium" (1981), scored for huge chorus and orchestra. Set to texts of Emily Dickinson and John Donne, the grandiose dimensions and explosive choruses revealed the subjective, Romantic side of his personality for the first time. Yet listeners who expected "Harmonium" to be followed by another equally exalted work were



Romantic Minimalist composer Adams: "I embrace the whole musical past."

shocked when "Grand Pianola Music" proved to be irreverent and even parodic, filled with echoes of marching-band music and an almost perverse dionysian. Adams, however, still defends "Pianola": "I truly love it, and in the long run, people will find more outrageous originality in it than in either 'Harmonium' or 'Harmonielehre'."

"Harmonielehre" refers in its title not only to Arnold Schoenberg's 1910 harmony treatise of the same name, but to the whole ferment of Viennese Expressionism. Echoes of Mahler, Schoenberg and Sibelius abound in the piece, but Adams is quick to insist that they are not used in any quotational sense.

The deeply personal expression of "Harmonielehre," a cry, however, from the parodic antics of "The Chairman Dances." Inspired by a single image from his three-act opera "Nixon in China"—that of Mao dancing with his future bride, the movie star Chiang Ching—Adams's "The Chairman Dances" is an amazing mixture of the grotesque and the sublime, of parody and sincerity, of Minimalism and Romanticism, that has become so peculiarly the composer's own.

Adams observes with no small amount of satisfaction that "Nixon in China" may surprise many of his admirers. "It's funny and entertaining, but it's also sympathetic. There may be lots of irony, but there are moments when Pat and Dick are dancing together that are truly touching. It's not at all the political hatchet-job that most people expect it's going to be."

But "Nixon in China" also addresses the larger issue of opera's role in contemporary musical life. Rather than seeing a danger in selecting such a recent topic, Adams feels that "this is what opera should be doing. The movies, after all, do it all the time. Opera is so completely out of touch in this century; it has lost its relevance to our experience. We hardly need another opera on the Shakespeare play or a Greek myth."

And, while "Nixon in China" examines timely political and social issues, it will do so with that mixture of parody and sincerity, of Minimalism and Romanticism, that has become so peculiarly the composer's own.

Adams will receive its premiere at the Houston Grand Opera in October 1987, before moving to the Brooklyn Academy of Music's Next Wave Festival in December.

Adams observes with no small amount of satisfaction that "Nixon in China" may surprise many of his admirers. "It's funny and entertaining, but it's also sympathetic. There may be lots of irony, but there are moments when Pat and Dick are dancing together that are truly touching. It's not at all the political hatchet-job that most people expect it's going to be."

POSTCARD

An Island of Nutmeg

By Mark Kurlansky

S.T. GEORGE'S, Grenada—So close to South America and so far from the United States, Grenada has remained the Caribbean's perfect little island through coups, revolutions and invasions, or if you prefer, rescue missions.

And it looks like it is going to stay that way for a while longer. What to do on Grenada while the locals are waiting for a tourism boom that has never happened: eat a local West Indian cuisine still uncorrupted by the demands of tourists, swim in deserted white sand coves, romp through dense tropical mountains, or drink strong, antiseptic rum punches with the lovely hotel managers at their cory, empty bars.

While the number of visitors grows dramatically every year, the 13-by-21-mile (21-by-34-kilometer) island cannot become too overrun while there are only about 500 tourist class hotel rooms.

There does seem to be an effort to preserve the look of the island. With customary Grenadian impetuosity, a law bans the construction of buildings taller than the height of a palm tree.

So the beaches look almost virgin in long expanses of sand. A few low hotels are hidden behind the palms on Grand Anse Beach near the capital. There is nothing but tropical nature in most of the secluded coves elsewhere.

St. George's, the capital, is a town of narrow steep roads built against tropical mountains. Its red roofs, the old one tile and the new ones painted metal sheeting, contrast with the deep green of a Spanish Basque village. The town wraps around a deep harbor, a perfect royal blue color.

What really makes this town seem like an enchanted place is the smell. It is a bitter-sweet, fruity, dark smell almost like good rum. It is the smell of nutmeg, the leading export. It is bagged in burlap, trucked to town and shipped from the harbor. But anywhere in town, especially along the Carriacou, as the row of storefronts along the harbor is called, there is that aroma of walking in the land of egg nog.

Other spices grown on the island include cinnamon, cloves and allspice. All play a strong role in the local cuisine. There is cinnamon and nutmeg ice cream. Sea moss is

a drink made from puree of a sea weed with milk and spices. It tastes like a nutmeg milkshake.

The only concession most restaurants make to foreigners is the powerful homemade hot sauce is put on the table in a bowl for Grenadians to heap on their food and foreigners to avoid.

If there is such a thing as the Grenadian national dish it must be callaloo soup. Its base is the heart-shaped leaf of a plant called dasheen, taro or elephant ear. The leaves are purged and blended with a stock from crab, lobster or crayfish and coconut milk.

Among the game of the island is opossum, a strong gamey tasting animal known locally as maniocou. A more delicate meat is armadillo, known here as taton. Crab back, spiced stuffed land crab, is also popular.

And like everywhere in the islands there is breadfruit, which looks so interesting hanging from the trees in great bumpy green balls but in taste resembles a slightly fruity, generally tasteless potato. The challenge is to make it interesting so it costs almost nothing to grow or buy. So there are breadfruit puffs, fried breadfruit balls, stuffed breadfruit, cream of breadfruit soup and breadfruit salad. Any of these would be better if you used a potato.

It is better to have sea eggs on toast. These are white sea urchins. The meat is dried in the sun and sold stuffed back in a despoiled urchin shell. It is then sautéed in butter. Another sea staple of almost all the islands is conch, known by the Creole name, lambi. In Grenada it is marinated, curried, cooked in coconut or anything else.

To taste the full range of Grenadian food the place to go is Mama's. Mama, whose real name is Islay Wardlaw, is as round as a breadfruit, and she and her four daughters serve more than 20 dishes for about \$20, with drinks.

There is food everywhere, and it is socially acceptable to steal a quick meal from your neighbor's tree. Even if you don't need a meal, for a treat children like to crack open the red coconuts and suck the sweet-sour white fruit off the beans.

Mark Kurlansky is a journalist based in Miami.

INTERNATIONAL CLASSIFIED

MOVING ALLIED WORLDWIDE MOVING PARIS: (1) 43 43 23 64 NICE: (1) 43 43 23 64 MARSEILLE: (1) 43 43 23 64 LYON: (1) 43 43 23 64 STRASBOURG: (1) 43 43 23 64 BRUXELLES: (1) 43 43 23 64 AMSTERDAM: (1) 43 43 23 64 LONDON: (1) 43 43 23 64 USA: (1) 43 43 23 64 (0101) 313-681-9100	ANNOUNCEMENTS WHITE ENTREPRENEURS. New series of French clothing design in English. Vol. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100. Tel: 01 43 43 23 64.	REAL ESTATE FOR SALE MONACO Center of Monte Carlo SPLENDID 3-LEVEL APARTMENT for sale, in centrally located, modern building, with large living room, dining room, 2 bedrooms, fully equipped kitchen, decorated to the highest standard. For further information, please contact the exclusive Agent: A.G.E.I. 24 bis, Bd Prince Charles MC 98000 MONACO Tel: 93.54.00 - Fax: 93.07.11 MC	REAL ESTATE FOR SALE SWITZERLAND Switzerland Lake Geneva, Grand Valley, Villars, Vevey, Lavaux, Gruyères. Five real estate agencies, villas and chalets available. Very favorable terms. Daily visits. GLS REAL ESTATE S.A., Avenue des Alpes 1, CH-1010 Locle, Switzerland. Tel: 021 23 15 15.	REAL ESTATE TO RENT/SHARE PARIS AREA FURNISHED EXCEPTIONAL NEAR EIFFEL TOWER High class flats All shops included Example: monthly rent 100,000 for 4 months rent Single 20 sqm, studio (2 persons) 100,000 2-room flat, 40 sqm, 1 person 110,000 2-room flat, 110 sqm, for 2 persons 110,000 3-room flat, 110 sqm, for 3 persons 110,000 For 1 day, 1 week or more INTERNATIONAL RATES A full range of prices in best real estate. FLATOTE INTL. 14 rue de Valenciennes, 75015 Paris. Tel: 01 45 75 62 20, Tel: 200405	REAL ESTATE TO RENT/SHARE PARIS AREA FURNISHED MARAIS, 1 bedroom apartment, 40 sqm, 1 person, 100,000. Tel: 01 43 43 23 64. 66 RUE JACOB. Very charming large living room, 100 sqm, 1 person, 100,000. Tel: 01 43 43 23 64. STUDIO TO A ROOMS. With, month, year, 100,000. Tel: 01 43 43 23 64. CHAMPS-ÉLYSÉES. 100 sqm, 1 person, 100,000. Tel: 01 43 43 23 64. MONTMARTRE. Large 4-room apartment to share, 100,000. Tel: 01 43 43 23 64. 16th, POINTE D'AUTOUR, modern 3-room, 100,000. Tel: 01 43 43 23 64. 16th, POINTE D'AUTOUR, modern 3-room, 100,000. Tel: 01 43 43 23 64. 16th, POINTE D'AUTOUR, modern 3-room, 100,000. Tel: 01 43 43 23 64. 16th, POINTE D'AUTOUR, modern 3-room, 100,000. Tel: 01 43 43 23 64.	EMPLOYMENT SECRETARIAL POSITIONS AVAILABLE MINERVE SEES for AMERICAN FIRMS in PARIS English, Belgian, Dutch, or German secretaries, knowledge of French and English, 120 Avenue Victor Hugo, 75116 Paris, France. Tel: 01 43 43 23 64.	AUTOS TAX FREE START THE YEAR WELL AND CALL OR WRITE INTERCORP EUROPE FOR DOT & EPA CONVERSION SHIPPING WORLDWIDE AND TAX FREE CARS SUCH AS MERCEDES, PORSCHE B.M.W., FERRARI ROLLS-ROYCE, JAGUAR US LEGAL CARS, ETC.	LEGAL SERVICES 2ND PASSPORT - 25 countries, IWC, BOM 6507 London WC1N 3XJ LOW COST FLIGHTS One Way Round Trip New York 1120 1200 Los Angeles 1120 1200 London 1120 1200 Paris 1120 1200 Rome 1120 1200 Athens 1120 1200 Frankfurt 1120 1200 Zurich 1120 1200 Geneva 1120 1200 Bern 1120 1200 Basel 1120 1200 Lucerne 1120 1200 St. Gallen 1120 1200 Appenzel 1120 1200 Valais 1120 1200 Vaud 1120 1200 Fribourg 1120 1200 Neuchâtel 1120 1200 Jura 1120 1200 Ticino 1120 1200 Graubünden 1120 1200 Glarus 1120 1200 Uri 1120 1200 Schwyz 1120 1200 Unterwalden 1120 1200 Thurgau 1120 1200 Aargau 1120 1200 Schaffhausen 1120 1200 St. Gallen 1120 1200 Appenzel 1120 1200 Valais 1120 1200 Vaud 1120 1200 Fribourg 1120 1200 Neuchâtel 1120 1200 Jura 1120 1200 Ticino 1120 1200 Graubünden 1120 1200 Glarus 1120 1200 Uri 1120 1200 Schwyz 1120 1200 Unterwalden 1120 1200 Thurgau 1120 1200 Aargau 1120 1200 Schaffhausen 1120 1200 St. Gallen 1120 1200 Appenzel 1120 1200 Valais 1120 1200 Vaud 1120 1200 Fribourg 1120 1200 Neuchâtel 1120 1200 Jura 1120 1200 Ticino 1120 1200 Graubünden 1120 1200 Glarus 1120 1200 Uri 1120 1200 Schwyz 1120 1200 Unterwalden 1120 1200 Thurgau 1120 1200 Aargau 1120 1200 Schaffhausen 1120 1200 St. Gallen 1120 1200 Appenzel 1120 1200 Valais 1120 1200 Vaud 1120 1200 Fribourg 1120 1200 Neuchâtel 1120 1200 Jura 1120 1200 Ticino 1120 1200 Graubünden 1120 1200 Glarus 1120 1200 Uri 1120 1200 Schwyz 1120 1200 Unterwalden 1120 1200 Thurgau 1120 1200 Aargau 1120 1200 Schaffhausen 1120 1200 St. Gallen 1120 1200 Appenzel 1120 1200 Valais 1120 1200 Vaud 1120 1200 Fribourg 1120 1200 Neuchâtel 1120 1200 Jura 1120 1200 Ticino 1120 1200 Graubünden 1120 1200 Glarus 1120 1200 Uri 1120 1200 Schwyz 1120 1200 Unterwalden 1120 1200 Thurgau 1120 1200 Aargau 1120 1200 Schaffhausen 1120 1200 St. Gallen 1120 1200 Appenzel 1120 1200 Valais 1120 1200 Vaud 1120 1200 Fribourg 1120 1200 Neuchâtel 1120 1200 Jura 1120 1200 Ticino 1120 1200 Graubünden 1120 1200 Glarus 1120 1200 Uri 1120 1200 Schwyz 1120 1200 Unterwalden 1120 1200 Thurgau 1120 1200 Aargau 1120 1200 Schaffhausen 1120 1200 St. Gallen 1120 1200 Appenzel 1120 1200 Valais 1120 1200 Vaud 1120 1200 Fribourg 1120 1200 Neuchâtel 1120 1200 Jura 1120 1200 Ticino 1120 1200 Graubünden 1120 1200 Glarus 1120 1200 Uri 1120 1200 Schwyz 1120 1200 Unterwalden 1120 1200 Thurgau 1120 1200 Aargau 1120 1200 Schaffhausen 1120 1200 St. Gallen 1120 1200 Appenzel 1120 1200 Valais 1120 1200 Vaud 1120 1200 Fribourg 1120 1200 Neuchâtel 1120 1200 Jura 1120 1200 Ticino 1120 1200 Graubünden 1120 1200 Glarus 1120 1200 Uri 1120 1200 Schwyz 1120 1200 Unterwalden 1120 1200 Thurgau 1120 1200 Aargau 1120 1200 Schaffhausen 1120 1200 St. Gallen 1120 1200 Appenzel 1120 1200 Valais 1120 1200 Vaud 1120 1200 Fribourg 1120 1200 Neuchâtel 1120 1200 Jura 1120 1200 Ticino 1120 1200 Graubünden 1120 1200 Glarus 1120 1200 Uri 1120 1200 Schwyz 1120 1200 Unterwalden 1120 1200 Thurgau 1120 1200 Aargau 1120 1200 Schaffhausen 1120 1200 St. Gallen 1120 1200 Appenzel 1120 1200 Valais 1120 1200 Vaud 1120 1200 Fribourg 1120 1200 Neuchâtel 1120 1200 Jura 1120 1200 Ticino 1120 1200 Graubünden 1120 1200 Glarus 1120 1200 Uri 1120 1200 Schwyz 1120 1200 Unterwalden 1120 1200 Thurgau 1120 1200 Aargau 1120 1200 Schaffhausen 1120 1200 St. Gallen 1120 1200 Appenzel 1120 1200 Valais 1120 1200 Vaud 1120 1200 Fribourg 1120 1200 Neuchâtel 1120 1200 Jura 1120 1200 Ticino 1120 1200 Graubünden 1120 1200 Glarus 1120 1200 Uri 1120 1200 Schwyz 1120 1200 Unterwalden 1120 1200 Thurgau 1120 1200 Aargau 1120 1200 Schaffhausen 1120 1200 St. Gallen 1120 1200 Appenzel 1120 1200 Valais 1120 1200 Vaud 1120 1200 Fribourg 1120 1200 Neuchâtel 1120 1200 Jura 1120 1200 Ticino 1120 1200 Graubünden 1120 1200 Glarus 1120 1200 Uri 1120 1200 Schwyz 1120 1200 Unterwalden 1120 1200 Thurgau 1120 1200 Aargau 1120 1200 Schaffhausen 1120 1200 St. Gallen 1120 1200 Appenzel 1120 1200 Valais 1120 1200 Vaud 1120 1200 Fribourg 1120 1200 Neuchâtel 1120 1200 Jura 1120 1200 Ticino 1120 1200 Graubünden 1120 1200 Glarus 1120 1200 Uri 1120 1200 Schwyz 1120 1200 Unterwalden 1120 1200 Thurgau 1120 1200 Aargau 1120 1200 Schaffhausen 1120 1200 St. Gallen 1120 1200 Appenzel 1120 1200 Valais 1120 1200 Vaud 1120 1200 Fribourg 1120 1200 Neuchâtel 1120 1200 Jura 1120 1200 Ticino 1120 1200 Graubünden 1120 1200 Glarus 1120 1200 Uri 1120 1200 Schwyz 1120 1200 Unterwalden 1120 1200 Thurgau 1120 1200 Aargau 1120 1200 Schaffhausen 1120 1200 St. Gallen 1120 1200 Appenzel 1120 1200 Valais 1120 1200 Vaud 1120 1200 Fribourg 1120 1200 Neuchâtel 1120 1200 Jura 1120 1200 Ticino 1120 1200 Graubünden 1120 1200 Glarus 1120 1200 Uri 1120 1200 Schwyz 1120 1200 Unterwalden 1120 1200 Thurgau 1120 1200 Aargau 1120 1200 Schaffhausen 1120 1200 St. Gallen 1120 1200 Appenzel 1120 1200 Valais 1120 1200 Vaud 1120 1200 Fribourg 1120 1200 Neuchâtel 1120 1200 Jura 1120 1200 Ticino 1120 1200 Graubünden 1120 1200 Glarus 1120 1200 Uri 1120 1200 Schwyz 1120 1200 Unterwalden 1120 1200 Thurgau 1120 1200 Aargau 1120 1200 Schaffhausen 1120 1200 St. Gallen 1120 1200 Appenzel 1120 1200 Valais 1120 1200 Vaud 1120 1200 Fribourg 1120 1200 Neuchâtel 1120 1200 Jura 1120 1200 Ticino 1120 1200 Graubünden 1120 1200 Glarus 1120 1200 Uri 1120 1200 Schwyz 1120 1200 Unterwalden 1120 1200 Thurgau 1120 1200 Aargau 1120 1200 Schaffhausen 1120 1200 St. Gallen 1120 1200 Appenzel 1120 1200 Valais 1120 1200 Vaud 1120 1200 Fribourg 1120 1200 Neuchâtel 1120 1200 Jura 1120 1200 Ticino 1120 1200 Graubünden 1120 1200 Glarus 1120 1200 Uri 1120 1200 Schwyz 1120 1200 Unterwalden 1120 1200 Thurgau 1120 1200 Aargau 1120 1200 Schaffhausen 1120 1200 St. Gallen 1120 1200 Appenzel 1120 1200 Valais 1120 1200 Vaud 1120 1200 Fribourg 1120 1200 Neuchâtel 1120 1200 Jura 1120 1200 Ticino 1120 1200 Graubünden 1120 1200 Glarus 1120 1200 Uri 1120 1200 Schwyz 1120 1200 Unterwalden 1120 1200 Thurg
---	---	--	--	---	---	---	--	---